

Common pitfalls when choosing a SMSF service provider

1. Doing it all yourself

Although some people refer to Self Managed Superannuation Funds (SMSF) as DIY funds, you do need to engage a team of professionals to help you manage your fund.

Some professionals or specialists that you may need to engage;

- Administrator – to manage the record keeping of your fund
- Accountant – to prepare financial statement, document resolutions and minutes
- Tax Agent – to prepare and lodge the annual return
- Auditor – to audit the fund and provide a qualified audit report
- Financial Planner – for investment advice, wealth or estate planning
- Actuary – for actuarial certificate (in some circumstances)
- Valuation – for asset valuation at market value (in some circumstances)
- Specialist – in areas of superannuation, tax or legal

When engaging these professionals, check what their qualifications and specialisation are in the area of SMSFs. Ask, who will be doing the work for you, for example, are they trained staff in Australia or located overseas. Some specialists can provide more than one service, for example an SMSF Accountant may be able to provide the top three services as one service, as listed above. However, an Accountant for your fund should not be the Auditor. The Auditor must be independent and registered.

2. Online is easy

Currently, there are a lot of online SMSF service providers to choose from. Like any other online purchase, be aware of the services you are signing up for, products you are purchasing and the associated terms and conditions.

Running your own SMSF is not as simple as clicking a button. Therefore, consider whether the SMSF service provider can provide the traditional face to face service combined with the online convenience.

3. Price shopping between SMSF service providers

Fees for SMSF annual compliance services can range from hourly rate, fixed fee, base fee, percentage of fund value and number of transactions to name a few. Thus, the cheapest fee isn't necessarily the best.

When price shopping, make sure you compare apples with apples and not apples with oranges.

4. Ignorance is bliss

Your chosen SMSF Specialists should be able to provide you with guidance on the rules and regulations of managing your fund and ensure you comply with them. The Australian Taxation Office (ATO) also provides information to help you understand your duties and responsibilities as a trustee. This is highlighted in the trustee declaration provided by the ATO upon establishment.

Breaches of the law whether intentional or not, influences the ATO outcome imposed on trustees. Penalties can be severe. Individual trustees and directors of corporate trustees are personally liable to pay administrative penalties if they contravene certain provisions of the Superannuation Industry (Supervision) Act 1933 (SISA).

Regardless of the SMSF professionals engaged to help you manage your fund, as an SMSF trustee you are ultimately responsible for your fund and your knowledge about how your fund operates is paramount.

If you would like to know more about the key responsibilities for managing an SMSF contact us today.

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TOP TIPS

- Do your research and obtain professional advice to determine whether an SMSF is right for you
- When seeking your professional team, ask how long they have been servicing SMSF clients, what are their qualifications and request client testimonials
- Check your SMSF professionals' current registration status with the relevant accounting bodies (CPA, CA, IPA), Tax Practitioners Board (TPB) and the Australian Securities & Investments Commission (ASIC)
- Compare all aspects of SMSF services, taking into consideration, value for money and focusing on the long term benefits
- Online buyer beware - always check online SMSF products and services, terms and conditions and hidden lock in periods
- Remember, as an SMSF trustee, you are always responsible for your own SMSF