



Include an investment property in your superannuation portfolio and make it a real performer.

# Self Managed Super Funds

## Property Investment with a Self Managed Super Fund

Take control of your investment portfolio with a Self Managed Super Fund from RI Advice.

Residential property, commercial property or even purchase your own business property - it's your choice with RI Advice.

Develop your own investment strategy, take control and make the most of what you've got.

### What is a Self Managed Super Fund?

A Self Managed Superannuation Fund (SMSF) in simple terms is a favourably taxed structure in which you invest for retirement. An SMSF is a small superannuation fund established for 1 to 4 members. The members are individuals, families and business partners who want to grow and manage their future wealth by

creating their own super fund. SMSFs are typically attractive to people with over \$200,000 in combined superannuation assets and who require the additional choice, flexibility and control offered by a SMSF.

### So I can invest in investment properties?

Yes, it's your fund and you as the trustees have the power to make investment decisions as long as these decisions fit in with superannuation rules.

SMSFs can have investments in the following types of real property:

- Residential Property, providing the property is purchased from an unrelated party
- Commercial Property, including factories and warehouses

You can even purchase your own business property from yourself.



## Can I borrow to invest in real property?

Yes, a SMSF can borrow to invest in property through a property structured arrangement.

This allows you to invest directly in real property with your superannuation without having the full purchase amount. You select the property and the timing of when to buy and sell.

Investing in a property through a SMSF can be more tax effective than negative gearing outside the superannuation environment.

### Case Study

Sandra and James wish to purchase a property which is currently valued at \$375,000 plus \$25,000 in stamp duty and acquisition costs.

Her SMSF has investments of \$200,000 and she wishes to use \$150,000 of that, leaving a buffer of \$50,000. The SMSF then borrows \$250,000 using a limited recourse loan with the property as security.

After settlement, they arrange for the property to be leased to an unrelated party. The rent plus their normal contributions and other SMSF income are used to make loan repayments and pay property expenses.

To find out more about this strategy and its benefits contact us today.

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