

DIY Super checklist

This handy checklist is designed to help you quickly run your eye over some important administrative aspects of your self managed super fund. However, it is only a short list of 'reminders' and does not address every aspect of managing your fund. You cannot – and should not – use this list alone to determine if your fund is complying with the super rules. Penalties for non-compliance are severe, and trustees should seek professional advice about the status of their fund.

TRUST DEED

- properly executed
- states fund name
- states purpose of fund is provision of retirement benefits
- identifies trustees, their powers and procedures of appointment/removal
- defines what contributions can be accepted
- describes how benefits will be paid
- trustees have read and understand the trust deed, and the limits it imposes

TRUSTEES

- the fund has four or fewer members
- all members are trustees, and all trustees are members
- trustees are not paid for their services
- trustees are ineligible to be trustees if:
 - they are under 18;
 - have been convicted of dishonesty offences;
 - penalised or disqualified by the regulator;
 - insolvent or an undischarged bankrupt

INVESTMENT STRATEGY

- the fund has a written investment strategy

Trustees have considered:

- a wide range of investments, including low risk and growth assets
- returns versus risks being taken
- the cash needs and liquidity of the fund
- members ages and retirement benefit needs
- formulating a Derivative Risk Statement (if dealing in derivatives)

Investing:

- investment decisions are readily explainable to a third party
- fund assets, accounting and banking records are kept separate from those member, trustee or employer assets
- each member has a separate account in the fund
- all transactions are on an arms length, market value basis
- valuation processes have been followed, including obtaining professional valuations where required
- all assets are in the name of the trustees as trustee for fund or protected by a caveat, legal instrument or declaration of trust

Investment restrictions apply to:

- lending money or providing financial assistance to a member or member's relative
- borrowing money (except in limited circumstances)
- giving trustee personal guarantees
- acquiring assets from related parties (except in limited circumstances)
- leasing, loaning or investing in 'in-house assets' in excess of 5% of fund assets
- acquiring assets which bestow current day benefits on members or relatives

ACCEPTING CONTRIBUTIONS

- trustees recognise that age and employment based restrictions apply to accepting contributions
- trustees recognise that the trust deed may impose restrictions on accepting contributions
- trustees understand that accepting contributions that exceed limits can incur significant tax penalties
- trustees recognise that 'in-specie' contributions (assets instead of cash) from related parties are subject to restrictions
- trust deed allows acceptance of rollovers
- trust deed allows contributions for members' non working spouse

PRESERVING BENEFITS

- member benefits must be preserved until a condition of release is triggered
- member benefits must be preserved until preservation age is reached
- early release of benefits is generally illegal
- some limited benefits may be released due to hardship or compassionate grounds after regulator approval

REGULATION

- trustees know and understand the sole purpose test
- an election to be regulated by the SIS Act has been lodged with the ATO
- the fund has its own bank account
- the fund has its own Tax File Number
- each trustee has signed a declaration (if appointed after 30 June 2007)

RECORD KEEPING

Retain for 5 years:

- accurate accounting records explaining fund's transactions and financial position
- annual operating statements
- annual statement of financial position
- copies of annual returns lodged

Retain for 10 years:

- minutes of all meetings
- records of changes of trustees (or director, if corporate trustee)
- signed trustee declarations
- written consent by members to be appointed as trustee

Tax records required:

- deductions claimed for administrative and operating expenses
- capital gains tax records of asset sales and purchases
- Tax File Numbers of members

NOTICE: This booklet does not take into account the unique circumstances of your super fund, and cannot therefore be construed as constituting advice.

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