

Advertisement



Microsoft 365

**Upgrade your business to the cloud**

Work securely with cloud services in Microsoft 365 for business

Read Today's Paper

Tributes

8:32pm Monday, September 13th, 2021

Rewards

Melbourne Today 8°/14°

# Herald Sun

Hi, Yannick



My News

Local

Victoria

National

World

Opinion

Business

Entertainment

Lifestyle

Sport



Lifestyle **Smart**

## Self-managed super attracts new members seeking tax benefits

The use of self-managed superannuation for property investment and family savings is tipped to rise. But is it right for you?



**Anthony Keane** Personal finance writer

Follow



@keanemoney



3 min read

September 13, 2021 - 12:33PM

The Australian Business Network



0 comments

There is a 'massive' gap between the amount we need to have stashed away and what we have. Here's how much you should have.

Nobody wants to pay a \$150,000-plus tax bill if they can avoid it.

But this is becoming increasingly common among property investors, and is one of the reasons why more  
<https://www.heraldsun.com.au/lifestyle/smart/selfmanaged-super-attracts-new-members-seeking-tax-benefits/news-story/790002229aafc5106bf6...>



but this is becoming increasingly common among property investors, and is one of the reasons why more Australians are starting self-managed superannuation funds – including a rising number of people aged under 40.

SMSFs are a legal way to avoid paying hundreds of thousands of dollars in capital gains tax, but industry experts warn people to beware of property spruikers operating in this space.

New data from the Australian Taxation Office shows SMSF member numbers have grown at their fastest rate in five years, with 43,000 more people signing up in 2020-21 to take the total past 1.11 million.

SMSFs require more work than many super fund members are comfortable with, but offer more choice, control and potentially huge tax benefits.

Let's crunch the numbers. If a median-priced property of \$667,000 is bought by a typical investor and sold a decade later for double the value, their capital gains tax can be \$157,000. If it eventually doubles again in value, the tax bill climbs above \$300,000.

But if that property is held in a SMSF member in retirement, Australia's superannuation rules cut the CGT to zero after age 60.

These generous tax rules also apply for shares, cryptocurrencies and other investments.



Paul and Kat Dugdale, pictured with sons Austin and Harvey, invest in property through their self-managed super fund. Picture Rebecca Michael. Picture Rebecca Michael.

SMSF Association CEO John Maroney says self-managed super funds can now have six members, following rule changes in July, and can become a lifetime family savings vehicle.

FROM OUR PARTNERS [↗](#)

Watch crime drama series Mare of Easttown on BINGE **14 day free trial for new customers**

Business owners are big users of SMSFs, but Maroney says “it’s got to be part of your strategy, not just because other small businesses or friends at a barbecue are doing it”.

He says renewed interest in SMSFs reflects greater interest in super since Covid hit, and younger people having bigger super balances thanks to years of compulsory employer contributions.

“It’s the cheapest option once you get to a certain size,” he says.

The SMSF Association says combined assets of \$200,000 can make running costs comparable with other forms of super, while others say balances above \$500,000 are preferred.

You can borrow money within a SMSF to invest in real estate, but beware of property spruikers who overemphasise the benefits of this.

“We encourage people to get professional advice from someone who doesn’t have a financial interest in selling the property,” Maroney says.

“You would need to think carefully about setting up a self-managed super fund just to finance the property side.”

SMSF Loan Experts managing director Yannick Ieko says the costs of borrowing within super to buy property have been dropping, and he is seeing more people aged under 40 set up SMSFs.

“You have the freedom to manage things yourself or appoint a professional to assist you,” he says.

“You have complete control over your own super.”

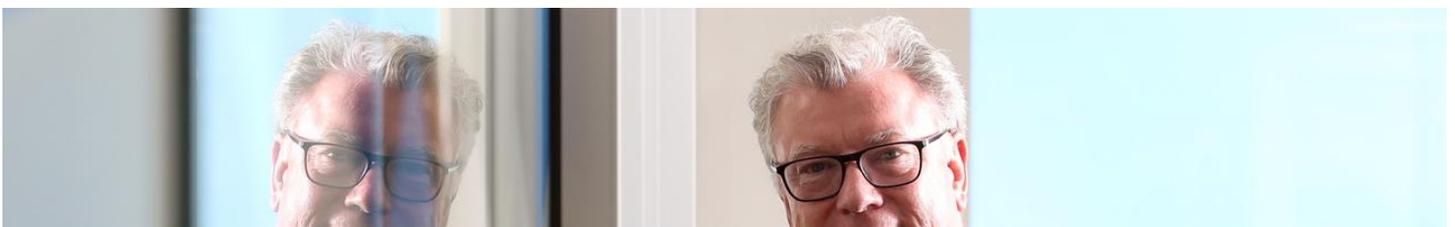
Big banks stopped providing SMSF loans in 2018, but current lenders include Bank of Queensland, La Trobe Financial and Reduce Home Loans, with rates as low as 3.6 per cent.

Paul Dugdale, 39, and wife Kat, 36, set up their SMSF for several years ago to invest in residential and commercial real estate.

“Our annual concessional super contributions, together with the incoming rent from tenants, means that our mortgages can be reduced at a rapid rate and our properties are cashflow positive,” Dugdale says.

“We can also invest in shares and other assets to diversify our portfolio risk.

“Running a SMSF certainly takes more time and effort than an industry super fund and SMSFs definitely aren’t for everyone.”





SMSF Association chief executive John Maroney says self-managed funds can become lifetime family savings vehicles. Picture: Kelly Barnes

## SMSF PROS AND CONS

### For

- Control where your money is invested.
- Ability to invest in property directly.
- Lower costs when SMSF expenses are spread over bigger balances.
- Lower taxes while saving, and no tax in retirement.
- Can borrow to invest.

### Against

- Managing a SMSF can be time-consuming.
- A high level of financial literacy is required.
- Auditing, insurance and other costs must be managed.
- No government protection if money is lost through fraud or theft.
- Complexities around maintaining or selling property.

Originally published as [Self-managed super attracts new members seeking tax benefits](#)

---

### More Coverage

[Who the biggest super winners are this year](#)

[Failing super funds named and shamed](#)

---

Join the conversation (0 comments)

More related stories



SmartDaily

**'Stripped naked': SAS Australia star's shock admission**

One of the celebrities on SAS Australia has revealed how he was pushed to the limit in the gruelling physical and mental challenges.



SmartDaily

### Colloquially, what is a “knuckle sandwich”?

The Chase Australia’s official Shark, Brydon Coverdale, has created a new daily quiz challenge. Test yourself.

#### Good Evening Yannick Recommended based on what you've read



AFL News

**Daniher misses B&F top 10 as skipper equals history**



East

**Man’s body found at train station**



Music

**Nude dress and sequin bras: Stars stun at MTV VMAs**

[More from My News Feed](#) >

Promoted Content

### Choosing the right water bottle

#### Trending now

Coronavirus

**Covid Victoria: 473 new cases, tradies get vaccine priority ...**



News

**Susie O’Brien: Victoria becoming second-rate state Sun**



Coronavirus

**Crown casino to enforce mandatory Covid jab rule on all visi...**



Truecrimeaustralia

**Joseph Hitchcock pleads guilty to affray in wild brawl which...**



#### Most commented

**Primary school principal says Covid cluster was ‘inevitable’**

501

**Rita Panahi: Victoria’s Covid infection rate proves Dan Andrews’ team wrong**

355

**Liberals the only party that cares for our freedoms**

175

**When Victoria will hit vaccine target**

109

**TIPS FOR MONDAY, AUGUST 30**

104

Sport

**AFL grand final 2021 start time,**

**Melbourne time AEDT time, A...**



**Membership**

- Subscription packages
- Group/Corporate subscriptions
- Herald Sun app
- Today's Paper
- Newsletters
- Rewards

**About Us**

- About us
- Meet the team
- Job Opportunities
- Code of conduct
- Subscription FAQs
- Subscription terms
- App only subscription terms
- Financial Hardship Policy

**Contact Us**

- Help & support
- Story Tips
- FAQs
- Letter to the Editor
- Photo Sales
- Advertise with us

**Our News Network Our Partners**

- The Daily Telegraph Buy Search Sell Classifieds
- The Courier Mail Find Your Local
- The Advertiser Foxsports
- news.com.au Foxtel
- The Australian Hipages
- The Mercury Kayo
- Geelong Advertiser My Tributes
- The Cairns Post Punters
- Gold Coast Bulletin odds.com.au
- Townsville Bulletin racenet.com.au
- The Chronicle Sky News
- NT News Coupons
- The Weekly Times

**Our Apps**



A NOTE ABOUT RELEVANT ADVERTISING: We collect information about the content (including ads) you use across this site and use it to make both advertising and content more relevant to you on our network and other sites. Find out more about our policy and your choices, including how to opt-out.

Nationwide News Pty Ltd © 2021. All times AEST (GMT +10). Powered by WordPress.com VIP

[Privacy policy](#) [Relevant ads opt-out](#) [Cookie policy](#) [Terms of use](#)