

SMSF Set Up A-Z Frequently Asked Questions (2023)

We aim to answer most, if not all frequently asked questions here and in our videos. Please read the relevant section, search for key words in the text below, or watch our videos, available here <https://www.youtube.com/@casssmithfreedomffs/videos> If you still have questions, we can help and offer a variety of options (scroll to the end).

1. Getting Started – Before You Put Your Order Form In	1
2. Filling Out the Order Form	6
3. Rollover Instructions	7
4. Establishment Documents – Legal Documents for Your SMSF Set Up	8
5. ABN and the ATO	11
6. Numbers and Naming Conventions...Help! It's So Confusing.....	11
7. Setting up the SMSF Bank Account	12
8. Notifying your Employer and Making Contributions	13
9. Rollover	14
10. Making Investments.....	14
11. Withdrawals and Pensions – The Technical Detail	17
12. Ongoing Management and Annual Tax Returns	18
13. Even More Questions.....	19

1. Getting Started – Before You Put Your Order Form In

Watch Catherine's introductory videos here https://www.youtube.com/playlist?list=PLf-N_Fv7heP8_yihFCWBRM9rBg_AGPmaV

Q – What is superannuation?

Superannuation, or 'super', is money put aside by you and your employer over your working life for you to live on when you retire from work. You can only withdraw your super money in certain circumstances – for example, when you retire or turn 65 years old. Read more here <https://www.ato.gov.au/general/other-languages/in-detail/information-in-other-languages/your-superannuation-basics/>

Q – What is a Self Managed Super Fund (SMSF)?

A Self-Managed Super Fund (SMSF) is simply a type of superannuation that you get to manage yourself. We set up the legal structure and bank account for you, then we transfer – 'rollover' – your money from your outgoing super fund, into your SMSF bank account. The super funds in your SMSF bank account are directly CONTROLLED BY YOU; you choose when and how to invest it.

Q – Do I have to deal with the Australian Tax Office (ATO)?

Yes. SMSFs are legal entities, approved and regulated by the ATO. After we set up your SMSF, we can help you understand how to be compliant with ATO rules and regulations and prepare your annual tax returns.

Q – How safe is an SMSF in comparison to retail funds on the market (REST, Host, AMP etc)

Your SMSF is directly controlled by you. So, it's safe as long as you choose safe investments. Retail funds usually offer a narrow list of investment options, for example shares portfolios or cash, and offer you limited, arm's length control over your investments.

Both SMSFs and retail funds are both strictly regulated by the ATO.

Q – What are the advantages of an SMSF?

- CONTROL – you control it, and you decide where to invest.
- FLEXIBILITY – you manage it directly, so you can take action with it quickly, as needed, without having to wait on hold for hours to speak to an external provider or fill in copious complex forms for everything.
- SAFETY – you can choose a greater range of investments if you prefer low risk.
- TAXATION – only 15% tax on income and TAX FREE after age 60.
- FAMILY WEALTH – the whole family can join the SMSF (up to max 6).
- FEES – once your balance is greater than \$200,000 your fees may become more cost effective.
- LEVERAGE – you can borrow to buy property.

Q – What can an SMSF invest in? See under 'Investments' below for more detailed information.

- Property
- Gold/Silver
- Cash
- Crypto
- Shares
- Bonds
- Any asset that is a viable investment asset for your retirement

Q – How long does it take to set up an SMSF?

The fastest we have set it up so far, from order form to money in the bank, is three weeks. Typically, it takes between 4-6+ weeks depending on whether the ATO marks your application for review, how quickly the bank processes your application, and how cooperative your outgoing super fund is in actioning your rollover request.

Everyone in our team works hard to set up your SMSF as quickly as possible, while ensuring we do it correctly. We know you're keen and ask simply that you be patient and wait for us to contact you. When people continually call and email us asking for a status update, as sometimes happens, we spend all our time answering those calls/emails, and not actually getting any of the processing work done. We will email you regular updates, and you can see the detailed process and timeline on the order form here (scroll down).

<https://freedomffs.com.au/smsf-sign-up/>

Q – How much does it cost?

- \$2200 to set up (with two rollovers)
- Approx. \$2500-\$5000 pa depending on the value of your SMSF. See full breakdown of the fees here (scroll down) <https://freedomffs.com.au/smsf-sign-up/> and video here https://www.youtube.com/playlist?list=PLf-N_Fv7heP_5eBDObvr4eoWW607qxLgg
- In many cases an SMSF can be cheaper than your current superannuation fund.
- There are no hidden fees, no hidden investment ratios, no catches.

Q – My accountant said it costs a lot to manage each year. What are the ongoing fees?

If you have \$200,000+ total value in your SMSF then it can be more cost effective to run than an industry fund. Annually it costs \$2500-\$5600 to administer your SMSF and prepare the tax return lodgement,

depending on the value of your SMSF. See full breakdown of the fees here (scroll down)

<https://freedomffs.com.au/smsf-sign-up/> and video here https://www.youtube.com/playlist?list=PLf-N_Fv7heP_5eBDObvr4eoWW607qxLgg

Q – Who pays the SMSF set up fee?

Your SMSF set up fee is \$2200, which can be paid from your SMSF. We ask for a \$660 deposit when you send us your order to cover our out-of-pocket expenses. We will send you the final set up invoice when we request your rollover, and once your super money rolls into your SMSF, you can pay the remainder of this invoice from the SMSF bank account using online banking. You can also reimburse yourself for the \$660 deposit from your SMSF bank account (use the reference “SMSF set up deposit reimbursement”). Half the setup fee is tax deductible for the SMSF.

Q – Is there a minimum balance for a SMSF?

No. We ask you to consider two things. First, the ATO will likely take a long, hard look at any application with a very low balance, and may even try and stop it. Second, it becomes more cost effective to run an SMSF when you have a balance of \$200,000 or more. So, we suggest it is best to have around \$200,000 worth of super. Some people set up SMSFs with less, to protect their assets. If you have less than \$50,000, it is best to try and find a few other like-minded people to come in with you.

Q – How many members can a SMSF have?

- Minimum of 1 for a Corporate Trustee (we recommend this as more cost effective and flexible)
- Minimum of 2 at all times for a Personal Trustee
- Maximum of 6

Q – What do I have to think about if I go in with other people?

An SMSF can have up to six members. While most SMSFs are spouses/partners, or couples with their adult children, we also have SMSFs of siblings and groups of friends.

We find it's best not to have too many members; two to three people works well. This is because you all need to agree on the 'Investment Strategy,' so you need to be likeminded and agree on what you want to invest in.

Even though you are joining together, your SMSF Member balance is accounted for separately in our BGLSF360 superstream accounting system, so you always know how much super is 'yours'. You can also roll your balance out again at a later stage.

Q – Three of us are planning on setting up an SMSF. Do we each get a separate bank account?

No. The SMSF is a single entity and as such has ONE bank account. This means that all members get to see everything in the bank: what goes in and what comes out.

Q – How exactly does this work if three members have put in different amounts to the SMSF?

Our BGLSF360 superstream accounting software keeps track in real time of how the SMSF funds are apportioned. It works like this:

Person A has \$90 K. = 42%

Person B has \$70 K. = 32%

Person C has \$55 K. = 26%

SMSF Total is \$215k

The SMSF buys 3 farm shares \$150k and \$45k in heavy metals and 20k is left in the bank, so:

Person A has 42% of the farm shares and heavy metals and cash at bank

Person B has 32% of the farm shares and heavy metals and cash at bank

Person C has 26% of the farm shares and heavy metals and cash at bank

You cannot have separate investments. The investments all belong to the SMSF as a whole and the members are apportioned appropriately. However, things like insurance premiums and contributions are allocated to the correct member's account. In other words, members are not receiving or paying for other members contributions or insurance.

Q – If I go in with others, am I risking anything?

No, your SMSF Member account balance is tracked separately in our BGLSF360 superstream system. Furthermore, you can move back out of the SMSF at a later stage if you choose.

Q – Can my children be part of my SMSF?

Yes. Under 18s need a Tax File Number and will become Members of the SMSF only (not Trustees). Once they turn 18, they will then need a Director's ID number and become a Director of the Company Trustee.

Q – What about insurance in my current super fund?

You can choose to keep your existing fund open with a minimal balance to retain your insurance. Then, once your SMSF is up and running, you can speak to our financial planner regarding insurance options, with a view to moving your insurance to your SMSF and closing your outgoing fund completely if you prefer.

Q – Can any super fund be rolled over into an SMSF?

No. Some funds have certain conditions that need to be met. Before you send us your order form, call your outgoing super fund to ask them if you have a fund with

- a defined benefit fund,
- an untaxed element,
- A compulsory preservation age limit fund, or
- other conditions that limit or prevent you rolling your super into an SMSF.

Please note, if you intend to claim a tax deduction for super contributions you have made, you need to lodge a valid 'notice of intent to claim' form and return to your current/outgoing super fund with the amounts, and leave enough super in that fund to pay the tax payable. If you are unsure please contact your super fund.

<https://www.ato.gov.au/forms/notice-of-intent-to-claim-or-vary-a-deduction-for-personal-super-contributions/>

When you call your super fund to confirm this, also ask them what their minimum balance is to keep the fund active. This will help you later when you prepare your 'rollover instructions' (see below)

Q My outgoing fund said something about having to pay 15% tax on the transfer, as they don't pay the tax until I'm eligible to receive the payout. That seems a lot!

This is known as an 'untaxed element.' Most of the time, you will pay 15% tax when the money goes INTO the fund, and no tax will be payable when it is paid out or rolled over. However, some funds hold off paying the tax until the end, ie when they pay it out, or in this case roll it over.

So, if you have 'untaxed element' you will have to pay the 15% at rollover. Not ideal, we know, but it's just a timing difference. If you leave your super where it is, you will eventually pay the 15% whenever you are eligible to withdraw it at retirement. Many of our clients are choosing to take the tax hit now to get it transferred into their SMSFs.

Q – How long has your company been setting up and managing SMSFs?

Catherine Smith, our CEO has been accounting for SMSFs for over 20 years. Catherine has a Masters Degree in Taxation, as well as other degrees and diplomas, worked for the ATO at a senior level for 11 years and is the founder of Wholistic Financial Solutions, Australia's most award-winning accounting and financial services company.

Q – Why use your company instead of a cheaper online provider?

Setting up the legal structure of the SMSF, dealing with the ATO, opening an SMSF bank account, requesting the rollover and then chasing your outgoing superfund to complete your rollover, is an extremely complex and time-consuming process, and is overwhelming for most people.

Many online providers are often less expensive because they only do part of the job. For example, they only create some of the legal paperwork, such as the Trust Deed, leaving you to do everything else.

Our company does it ALL for you, from beginning to end – see a summary of the full process here (scroll down) <https://freedomffs.com.au/smf-sign-up/> – and our Australia-based team can answer your questions as needed.

Furthermore, we have information videos to help you at every stage here <https://www.youtube.com/@casssmithfreedomffs/playlists> and hold daily free Q&A sessions to help build your knowledge and confidence about managing your SMSF, book here <https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

Finally, the ATO is keeping a close eye on SMSF establishments. Our team is highly experienced with this and can help.

Q – Does the ATO audit everyone?

No. The ATO can may review or audit your SMSF application at any time. The ATO is seeking to confirm:

- You know what you're doing,
- You know why you're doing it, and
- You're not being coerced.

You will likely be reviewed (a telephone call), or audited (a paperwork submission) if you have

- A low balance,
- Withdrew money during Covid,
- Have a history of not being up-to-date with your tax returns.

In our experience, your SMSF will NOT be marked 'complying' (ie approved) if you

- Are not up-to-date with previous years' tax returns and/or,
- Have an unpaid tax debt.

So it is best to deal with any outstanding ATO debts and/or tax returns before sending us your order form.

We are in regular contact with the ATO and can help you as required if they contact you for a review/audit.

Q – What happens if we leave Australia?

If you are planning to leave Australia for an extended period of time, then contact us to check that setting up an SMSF is worthwhile or possible. There are serious implications for an SMSF if you are not resident in Australia, and regulations change constantly so we cannot definitely answer that question here.

Q – What happens if my circumstances change?

You can wind up and/or leave the SMSF at any time. There is no minimum time specified to operate an SMSF and if you want to wind it up/leave, we can roll all the funds over into another super fund if your circumstances change. Winding up an SMSF costs about the same as it does to set up (\$2200), and removing a Member from an SMSF costs \$550.

2. Filling Out the Order Form

Please watch this video here [SMSF Set Up How to Complete the Order Form with Mary-Jane](#)

Q – Do I need to fill out everything on the form?

Yes. The ATO, Macquarie Bank and your outgoing super fund need this information, so we ask for it in advance. If we don't have this information, or the information is wrong, the process will likely be delayed.

Q – What can I name my SMSF?

You can name your fund pretty much anything. The most common name is *Initial Last Name Super Fund* or *Initial Last Name SMSF*. But you are more than welcome to call it something else. If we think the name is not suitable, or available, or is likely to slow down the process, we will reach out and let you know. Search here and see if your preferred fund name has already been taken. <https://superfundlookup.gov.au> If so, think of a variation or completely different name. Heads up: common names, including for example "Michael" have delayed the ATO ABN application process.

Q – Why do you ask about my name with the ATO?

The ATO will not allow you to transfer your super funds into your SMSF if they cannot verify your name. This means the name you put on our order form must *exactly match* the name registered with the ATO. Ideally all these names should match exactly, including your middle name(s)

- Our SMSF Order Form
- ATO
- Primary ID (driver's license, passport)
- Your outgoing super fund account

If they don't then we can start the process as long as the name you give us matches the ATO record. Then you can update your ID and/or outgoing superfund names. If the ATO has the incorrect name, then you'll need to correct that before you apply for your Director's Identification Number (DIN).

Q – Should I choose Company Trustee or Personal Trustee?

Almost all our clients choose a company trustee structure because it is more flexible and cost effective over time. The drawbacks of a personal trustee structure are

- you must have always at least two personal trustees (Members), otherwise it is non-compliant and
- if/when you want to change one of the personal trustees, you must update every related document, including investment receipts for every investment, and this can cost \$5-6000.

Company trustee structures can have a sole (1) Member and add/remove Members cost effectively through the ASIC portal. Every member over 18yo of an SMSF with a corporate trustee structure must have a Director's Identification Number (DIN).

Q – What's a Director's ID number?

A Director's Identification Number (DIN) is a unique number that identifies directors of companies, with the aim of stopping false or fraudulent activities. It has been mistakenly called 'the digital ID'. A DIN is like any other government issued number – TFN, Medicare, ABN and so on – and so, while it may be one piece in the 1000s piece digital ID jigsaw puzzle, in and of itself the DIN is not 'the digital ID'. You can apply for it by mail or over the phone, without needing to sign up for the myGov app, full details on the order form here <https://freedomffs.com.au/smsf-sign-up/>

Also watch Catherine's video on this topic [Some common sense information about the 'DIRECTORS' Identification.](#)

Q – I have a DIN for my company. Do I need another one?

No. You only need one DIN for all the companies you are a director of.

Q – I haven't put my tax return in for last year. Can I still put my order form in?

Yes, but your SMSF application will likely not be approved by the ATO. In our experience, your SMSF will NOT be marked 'complying' (ie approved) if you

- Are not up-to-date with previous years' tax returns and/or,
- Have an unpaid tax debt.

So it is best to deal with any outstanding ATO debts and/or tax returns before sending us your order form.

3. Rollover Instructions

Please watch this video on Rollover Instructions here [SMSF Set-Up Process Videos with Mary-Jane](#)

Q – What are 'rollover instructions'?

On our order form, we ask you for your rollover instructions. In other words, we ask you whether you want to transfer – 'rollover' – 100% of your current/outgoing super funds into your new SMSF, or whether you want to keep a specific amount in your outgoing fund.

Q – Why would people keep some money in their current/outgoing fund?

Most people have some form of insurance as part of their outgoing fund. Each fund will have its own rules relating to how much you have to keep, and whether you need to keep making contributions to that fund, to keep the insurance active. That is why some people keep money in their current/outgoing fund.

If you want to keep insurances or any other items active, contact your outgoing superfund(s) and ask them the minimum you need to keep in your account. Then deduct this amount, or more, from your current total and fill the exact rollover amount in the field(s) on the order form.

You can change your rollover instructions, or the amount you wish to rollover on our order form, up until you return your signed Establishment Documents. Please email your account manager about this if you want to make any changes from your order form.

Q – I haven't decided yet exactly what proportion I will keep in my current fund and what I will rollover. When is the deadline for making that decision?

Whenever suits you. We can't roll your current/outgoing super fund over without it. We like to have your instructions no later than when you return your signed Establishment Document so the process is not unnecessarily delayed, but you can wait until later in the process if you prefer.

Q – Do I have to provide you with my current/outgoing Member Benefit Statement? This is private confidential and contains sensitive information.

As long as you provide us with clear rollover instructions and make sure all your details in your current/outgoing fund are correct, we don't need your statement. We only ask for your statement to double check and see if there are any issues to be aware of before rolling over such as insurance, taxable components, defined benefit components.

Q – And once I make a decision and want to roll out more later, will I be charged extra?

Yes, we will charge \$220 per rollover, or you can do it yourself.

Q – Does our insurance from our current/outgoing fund also cover the SMSF?

No. You will either need to keep \$6500-\$10,000+ in your current/outgoing super fund to keep your insurance active if that is what you want to do. You will need to check with your fund to see if they have any other requirements, for example making regular ongoing contributions.

Q – How long does this minimum balance of \$6500-\$10,000 last to continue existing insurance?

This varies from fund to fund but usually two years. You will need to keep an eye on your current/outgoing fund to ensure you meet their minimum requirements.

Q – What insurance is available after the SMSF has been setup?

Once your SMSF is set up, we will refer you to a financial planner to discuss your insurances.

Q – Can I keep enough in my current/outgoing fund to keep my insurance active and then if/when I find alternative insurance, can I rollover the remaining amount into my SMSF?

Yes.

Q – Do we need insurance?

No. That is up to you. Once your SMSF is set up, you can speak to our financial planner to discuss insurance options.

Q – Should I move my current super fund into all cash now, before it's rolled over?

From a process point of view, moving your current/outgoing superfund to a 'cash investment strategy' can help make the rollover faster, as your outgoing fund does not need to sell any shares. Furthermore, and this is not financial advice, rather simply pointing out that you need to be aware that when you move your super into a cash investment strategy you may miss any upswings, and/or avoid any downswings in the market.

Q – My financial planner says I will lose out if I transfer to a cash investment strategy.

Financial planners' remuneration is usually based on keeping you in the share market. If you move to a cash strategy, they lose their commissions. Keep that in mind. And refer to the answer above.

4. Establishment Documents – Legal Documents for Your SMSF Set Up

Please watch this video here (NOTE: this video does not cover rollover instructions) [SMSF Establishment Documents with Mary-Jane](#)

Q – You sent me lots of PDFs! Do I need to print them all out, or just the PDF with the pages for signing?

No, you don't have to print out ALL the PDF files we send you. Just print out the file called 'ESTABLISHMENT PAGES TO BE SIGNED.' This file contains only the pages that need your signature. Sign those pages **using a real pen**. We cannot accept electronic signatures. Then, scan all those pages into a PDF file and email the file back to your account manager.

Q – Do all members need to sign?

Yes.

Q – There is a mistake in the documents. What do I do?

If you find a mistake, the quickest and easiest thing to do is to correct it by hand and initial the corrections.

Q – Do the Establishment Documents tell us the Dos and Don'ts of running a SMSF?

No, not really. The Establishment Documents are the legal framework for your SMSF, on which you sign your agreement. Among these documents, the most important to read in full is the **Trustee Declaration**. This is a good guide to your role and responsibilities. **The ATO will be most interested to know that you have read and understood the Trustee Declaration.** There are also courses you can do if you really want to understand how to run a SMSF. <https://education.springfg.com.au/>

Q – What are all the roles in the Establishment Documents?

Key roles are

- **Trustee** – is the Company
- **Trust** – is the SMSF Fund
- **Director** – all Members must be a Director of the Company, unless they are under 18
- **Secretary** – is an old-fashioned position that is mostly nominal; we just need to pick one of you, usually Member 1, and we do all the work required
- **Member** – is a Member of the SMSF Fund
- **Beneficiary** – is who you choose to leave your SMSF investments to when you die

Q – How many witnesses do I need?

You need two people to witness your signature on this form. They do not need to be a Justice of Peace, or have any specific qualification, but they must NOT be beneficiaries (see below).

Q – What does ‘disinterested witness’ mean?

A disinterested witness is someone who does not have a conflict of interest, ie who won't benefit from your SMSF. In other words, they must not be a beneficiary of your SMSF or will.

Q – Can a Justice of Peace be a witness?

Yes, but it is not required.

Q – What is the Application for Membership

This the form sets out clearly that you are applying to become a Member of the SMSF, that you have been advised about your roles and responsibilities, to which you agree. It also specifies who you nominate as your beneficiaries (see below).

Q – What Nomination of Beneficiaries mean?

The beneficiaries are the people who will ‘benefit’ from, ie receive the investments held by your SMSF in the event that you die. **You can only nominate your spouse/partner or dependant children.** For example, if you want to leave your SMSF to your spouse first, followed by your children (if your spouse also dies), then put your spouse in table one, followed by your dependent children in table two. This document can be re-done at any time if your circumstances change.

Q – I have three children. Can I leave them 33.3% each?

No. The total must add up to 100% so you must decide how to do that, for example 33% and 33% and 34% or some other combination.

Q – I don't have a spouse or dependent children and want to leave my SMSF to someone else.

In this case, write ‘Legal Personal Representative for My Deceased Estate’ 100% in table one and your SMSF will be delegated according to your Will.

Q – Is it possible to state 'refer to current Will' as our Will details how our total Estate should be split should we both die at the same time?

To ensure that in the event of you both passing at the same time, your SMSF will be delegated as per your Will, write ‘Legal Personal Representative for My Deceased Estate’.

Q – Can I nominate my Estate rather than individuals?

Yes. Nominating your Estate will transfer your SMSF holdings through your Will. To ensure this happens, write ‘Legal Personal Representative for My Deceased Estate.’ This will prevent the nomination becoming void.

Q – Is this a Will?

No. This document only directs your wishes regarding the investments held by your SMSF, but not any of your other assets.

Q – Do you have to set up Will and Power of Attorney before setting up the SMSF?

No, this is not a legal requirement, but it is good practice to have these powers sorted sooner rather than later and our team can help with this.

Q – Can I just leave this nomination blank or fill it in at a later date?

Yes.

Q – Do we tick binding or non-binding? Lapsing or non-lapsing?

While this is not legal advice, most of our clients choose 'Binding' and 'Non-lapsing.'

- 'Non-binding' means that other members can come in and make changes. 'Binding' means it can NOT be changed.
- 'Lapsing' means that every three years you will have to update your documents. 'Non-lapsing' means that you will **NOT** have to update your documents unless your circumstances change such as death of partner, divorce, new child. (Although we recommend good practice is to check every three years to make sure your Beneficiaries are still current.)

Q – What is the Authority to Access Information / Third Party Authority (TPA) form?

This enables us to talk to your outgoing super fund on your behalf. We often need to talk to them before we request the rollover, and then afterwards to follow up and iron out any problems.

Q – What does the TPA form allow you to do?

We only have inquiry authority only, which means we can only ask for information. We are not able to make any transactions.

Q – Why are there so many names from your firm on this form?

In case one of our staff is away from the office, another member of our team can act on your behalf. This helps avoid delays.

Q – After I sign the Establishment Documents, do I need to return them to you?

Yes. We ask that you scan them into a PDF file and return them by email. You can also mail us your signed originals and we will scan them for you, and then mail the originals back to you for safekeeping.

Q – We do not have access to a scanner. Can we take photos of each individual signed page and send these through to you instead?

If at all possible, please try to scan your files into a PDF. Office Works or other similar businesses offer this service at a very reasonable price. It will make the process much faster and avoid potential problems later in the process.

If you absolutely cannot, then we ask you send through clear, high-resolution photos that are **square to the borders of your pages**. If the images are blurry, hard to read or not clear in any way, the bank may not accept them and we will not be able to open your SMSF bank account.

Q – Can we return the documents by mail?

Yes. Make sure you send by **registered, or express post with a tracking number**. Please address to:

[name of your account manager] Freedom Financial Solutions FFS Pty Ltd, PO BOX 192, DICKSON, ACT 2602

5. ABN and the ATO

Please watch the videos on the ABN and the ATO here [SMSF Set-Up Process Videos with Mary-Jane](#)

Q – I have my own ABN. Can I use that?

No. The ABN and TFN must be applied for and used solely by the SMSF. Please do not change the ABN & TFN we enter in the bank application we send you to approve. (We will send a detailed email with instructions at that stage.)

Q – Do I need the ABN number to open the bank account, or is the ACN number enough?

We need all three numbers: the ACN (for the trustee company), and the ABN and TFN of SMSF (for which the Pty Ltd is the Trustee).

Q – Can the bank account be opened while the ABN application is pending with the ATO?

No (see above).

Q – Can the bank account be opened if the ATO has marked it ‘election to be regulated’?

No. The status in superfundlookup.gov.au must be ‘complying’ before Macquarie will approve the bank application.

Q – It’s been 28 days since the ABR/ATO has marked my ABN to be reviewed/SMSF Election to Be Regulated. What can I do?

After 28 days we will call the ABR/ATO to follow up and we will let you know what we find out. You are welcome to contact the ATO to chase them up yourself.

Q – What do I do if the ATO tries to contact me?

Let us know and we will send you some information. We normally send information to our clients about this when we have applied for the ABN.

6. Numbers and Naming Conventions...Help! It's So Confusing...

Q – There are so many numbers. How they all fit together?

This summary may help you understand the SMSF structure and basic relations between the entities. Each SMSF comprises:

- Men and women, or INDIVIDUALS
- an SMSF (eg ABC SMSF), and
- an SMSF TRUSTEE (either ABC SMSF COMPANY PTY LTD trustee, or two PERSONAL trustees)

The relationships between them are:

- INDIVIDUALS are MEMBERS of the SMSF
- INDIVIDUALS are DIRECTORS of the ABC SMSF COMPANY PTY LTD trustee, if applicable
- The ABC SMSF COMPANY PTY LTD Acts as the TRUSTEE for the SMSF, OR minimum two INDIVIDUALS are the PERSONAL TRUSTEES

The ATO numbers associated with each is:

- INDIVIDUALS have Tax File and Director Identification numbers (and in some cases they may also have their own ABN for business activities)
- The SMSF has its own ABN and TFN
- The SMSF COMPANY PTY LTD has its own CAN

Q – Why are there so many different names?

We agree, it can be confusing...here we go...

- The Trust Deed (ie the SMSF name) is ABC SMSF (it's written on the Trust Deed that you have and we also give the bank when we open your bank account).
- The Trustee (when it's a company trustee) is ABC SMSF Pty Ltd (it's on the ASIC registration).
- The bank account is called ABC SMSF PTY LTD ATF ABC SMSF (ATF=as the trustee for)

So the name you should use for your investment receipts would be the same as the bank account name:

ABC SMSF PTY LTD ATF ABC SMSF

Q – When I check my SMSF in Superfund Lookup, I see the words ‘The Trustee For’ in front of my SMSF name. I didn’t call my SMSF that. What happened?

The ABR default adds the words 'The Trustee for...' when we enter the SMSF name to generate an ABN, so when you look up your fund using the ABR websites, like <https://superfundlookup.gov.au/> you will see 'The Trustee for ABC SMSF.'

7. Setting up the SMSF Bank Account

Please watch the videos on the ABN & ATO, and Setting up the Bank Account here [SMSF Set-Up Process Videos with Mary-Jane](#)

Q – Why do you recommend Macquarie Bank?

Macquarie Bank has a system that enables us to do 95% of the application for you. We can also see into your account to check your rollover has been processed correctly, print statements to send to your current/outgoing superfund, and use the statements to prepare your tax return.

Q – Can you spend my money?

No. We can 'see' your account and use the information as needed (see above). We can also initiate payments, but YOU will have to approve the payment in order for the money to leave your account.

Q – Can we choose to set up a bank account with another bank?

Yes of course, please let us know if you want to use your own bank and we will send you the Trust Deed and other documents you will need to arrange your own account. Note, that in this case, you will need to do 100% of the bank application yourself. We will also not be able to check to see if your funds have arrived after rollover, and you will also need to provide us with bank statements at tax time.

Q – I got an email from FFS that Macquarie would send me an email to approve the account, but I can't find the email from Macquarie.

Check your spam folders OR if you are the second/third/fourth listed member, you will not receive the invitation until the PRIMARY applicant has approved it.

Q – When will I know my bank account is open?

You will receive a welcome email from Macquarie, and we will let you know also. If you don't receive Macquarie's email, check your junk mail.

Q – How do I pay for investments for my SMSF? Do I get cash out, or use a card?

You can buy all your investments via online banking. Make sure you set up online banking as soon as your account is opened. Macquarie will send you an email explaining how to do that.

Q – I am having trouble accessing my Macquarie account?

You will need to call Macquarie directly on 133 174 Mon-Fri 8am-7pm (Sydney time) or check online here <https://www.macquarie.com.au/help/personal.html>

Q – Do I need to keep the bank account open?

Yes. You must keep ONE SMSF bank account open at all times, because you MUST pay annual SMSF fees from the SMSF bank account.

You don't have to use Macquarie. If you find after set up that you want to use a different bank, then you can arrange that, bearing in mind we won't be able to access the information at tax time, and it may end up being more work for you.

Q – How much money do I need to keep in the account?

As much, or as little as you like. We recommend keeping at least \$3-5,000 in it to cover the annual fees. The exact amount you pay annually depends on the total value of your SMSF.

Q – How quickly do I need to make investments?

As quickly or as slowly as you like. Keeping 'cash' in the Macquarie bank account is considered a legitimate investment so you can keep it ALL in their until you want to invest in other things. If you do, you could consider opening an 'Accelerator Account' attached to your SMSF Cash Management Account (CMA). We can help arrange that.

Q – We have tried to pay an invoice, but the payment doesn't go through.

Be aware that if you have more than one signatory on your Macquarie Bank account, as a precaution **the payment default we set up is 'all to sign.'** This means that when you make a purchase, the primary account holder will initiate the payment, and the secondary account holder will have to authorise it. If not, the payment will be cancelled. If you prefer to have 'any to sign' as your payment setting, please contact Macquarie Bank and request the change.

Q – There are three of us in the SMSF. Do we each get a separate bank account?

No. The SMSF is a single entity and as such has ONE bank account. This means that all members get to see everything in the bank: what goes in and what comes out (see section 1 for more detail of keeping track of each Member's contributions)

8. Notifying your Employer and Making Contributions

Q – Where do my employer's super contribution payments go after I transfer from my current/outgoing fund to my new SMSF?

Tell your employer you have changed super funds and ask them what information they need. Each employer has a different process and payment cycle (eg fortnightly, quarterly etc) and paperwork and your employer / HR department will be able to assist.

Typically, your employer will need:

- your super fund name (it's on the Trust Deed),
- your super fund bank account (your SMSF Macquarie Bank account), and that
- we use the Electronic Service Address (ESA) **BGLSF360** superstream system.
- Recipient Contact Name – Catherine Smith, or the name of your superfund
- Address - 4/6 Pelle St, Mitchell, ACT, 2911
- Telephone number - yours or ours, whichever suits you.
- SMSF Member Number - whatever you like, pick a number starting at 1 for the first Member, then 2 for the second member and so on.

Q – Macquarie Bank has told me to use their ESA.

Macquarie Bank is wrong. We have asked them not to give our clients incorrect information, but they continue. **We use the Electronic Service Address (ESA) **BGLSF360** superstream system.**

Q – What is my SMSF’s USI?

SMSFs do not have a USI. This is a number only APRA funds have.

Q – What are the contribution limits?

You can see them here <https://www.ato.gov.au/Super/Self-managed-super-funds/Contributions-and-rollovers/Contributions-you-can-accept/>

Q – What are the contribution caps?

You can see them here <https://www.ato.gov.au/super/self-managed-super-funds/contributions-and-rollovers/contribution-caps>

Q – What other things do I need to know about making contributions?

There are many things you can know. Start here by watching this video. Then if you need individual advice on your personal tax situation, book in a one-on-one session with our SMSF expert.

[Free SMSF Contributions – The Technical Details](#)

9. Rollover

Q – What do I do when you request the rollover?

When we request your rollover, we will send you a very detailed email about what happens next, with all your important documents attached. Please read this email and save the documents.

Q – Why is it taking so long?

Good question. This is one of the reasons. <https://www.smsfadvisor.com/news/21734-extra-id-checks-expected-to-delay-smsf-rollovers>

Q – Can I help speed up the rollover by contacting my current/outgoing fund?

We don’t normally recommend this as this can often confuse and delay the process. Please allow us 7 working days to run our normal processes. If we need your help we will reach out.

10. Making Investments

Q – What can an SMSF invest in?

- a. Property
- b. Gold/Silver
- c. Cash
- d. Crypto
- e. Shares
- f. Bonds
- g. Any asset that is a viable investment asset for your retirement

Q – Can you help me decide what to invest in?

No. We can only help you navigate the *process* of investing (ie SMSF paperwork), and clarify whether it is ATO compliant. We cannot suggest or tell you what to invest in.

Q – I want to make an investment. What do I need to know?

The main thing to remember is that your investments need to be bought in the name of your SMSF. So if you already have an account with a bullion merchant, for example, you will need to set up a new account in the name of your SMSF, pay for it out of your SMSF bank account, and receive a receipt in the name of your SMSF.

Q – How do I pay for my investments?

Have you ever done online banking? It's as easy as that. You work out what investment you'd like to buy. Talk to the seller, telling them you want to buy for your SMSF and that you need a receipt in the name of the SMSF. Usually, they will set up a new SMSF account for you and may ask you for your SMSF paperwork (which we will have sent you on rollover). Then when you've finalised the price, you pay them using online banking from your Macquarie SMSF Bank account. Easy peasy.

TOP TIP: attach the payment invoice/receipt to the online payment, which you can do using the Macquarie Bank app.

Q – What name do I put on the invoice/receipt for my investments?

All invoices must be in your SMSF name, which is the name of your bank account. See above for more information about the naming conventions.

Q – Where can I buy gold and silver?

There are many places. We have had good experiences with (note we are not paid any referral commission).

- Ainslie Bullion – Vic and QLD
- As Good as Gold – SA
- Australia Bullion – Gold Coast
- ABC Bullion – Sydney

Q – I'm looking at purchasing \$80k or \$90K on gold and silver (70 /30%). Can you suggest a few possible ways to buy? For example, do I get several 1kg gold bars and some 1oz bars and the same with silver?

There is no real 'rule' or 'guidance' on this, but Catherine personally recommends a mix of gold and silver, for example 70% gold and 30% silver. But you can also go 50-50% or whatever portion you choose. Catherine does recommend a mix of larger bars and smaller tradable items.

Q – You talked about personally going to pick up the bullion. I thought having it delivered would be safer.

This is purely a cost decision. You may find the cost of delivery is worth a day trip to your local city. But if you can't, or don't want to physically pick up your bullion, then yes postage is safe, and it is insured.

Q – What is the risk of the Government seizing all our gold?

We can't say there is NO risk at all. But Catherine does say that in her opinion it is low. If the world comes to that stage, we will likely be in Mad Max territory. In which case it could be the lowest risk of all. Lower than leaving it in the share market, cash in bank or property. Of course, in the financial world, there is always some risk.

Q – Does the Auditor come and inspect my gold every year?

No. The Auditor will ask to see a photo against a dated item, such as a newspaper, to prove you still have it.

Q – Can I store my precious metals at home?

Yes. The prudential rules require you to secure SMSF assets and store them in a secure location. Some accountants/financial advisers/bullion merchants may tell you that you cannot, and may refer you to an ATO clause about "collectibles." Bullion, gold or silver in bulk, is not a collectible (see more below). If they insist you cannot, simply ask them to show you the legislation.

Q – Are gold/silver coins "collectibles"?

The ATO defines a coin collectible if "the value exceeds their face value and they are traded at a price above the spot price of their metal content" read more about collectibles here <https://www.ato.gov.au/super/self-managed-super-funds/investing/restrictions-on-investments/collectables-and-personal-use-assets/#Definitionofcollectablesandpersonaluseas> To avoid any potential problems, we suggest not buying coins.

Q – Can I buy a safe out of my SMSF to store my SMSF investments?

Yes, but you must only use the safe for SMSF investments and nothing else.

Q – What safe do I have to buy?

You just need to ensure it is stored in a high quality safe. Catherine personally likes Guardall safes <https://www.guardall.com.au/> but even Bunnings has some good quality safes these days. In terms of securing the safe, searching online will provide you a wide range of options including bolting it to a floor/wall. It really depends on your house and what is available.

A security system or at least some cameras installed in a location near the safe is also a good idea, but you cannot pay for a security system out of the SMSF as it does not meet the 'sole purpose' test, in other words a security system covers more than just the SMSF investments. <https://www.ato.gov.au/Super/Self-managed-super-funds/Investing/Sole-purpose-test/>

Q – Do I need to buy insurance for my bullion?

No, but you can. Most people simply don't insure because of the cost. If you decide to insure it will either need to be a separate policy altogether so the SMSF can pay it, or if you add it to your home contents then the SMSF must NOT pay for the insurance.

Q – Can I buy a cryptocurrency hardware wallet, for example Nano S, using SMSF funds from SMSF account?

In order to observe the 'separation of assets' requirement in section 4.09a of the super laws, SMSFs must purchase a cold wallet using funds from the SMSF cash account and ensure that the cold wallet only holds the funds SMSF crypto assets on behalf of the SMSF Members.

Q – Can I pay off my mortgage with my SMSF funds? Can I pay off my brother/sister/children's mortgage?

No, not unless you are over 60 years of age and have met a conditional release. No one associated with your fund should get a present-day benefit from your SMSF's investments. <https://www.ato.gov.au/super/self-managed-super-funds/investing/restrictions-on-investments/related-parties-and-relatives/>

Q – Can I move into an investment property my SMSF has bought after I retire?

No.

Q – Can my family use my SMSF investment property?

No. <https://www.ato.gov.au/super/self-managed-super-funds/investing/restrictions-on-investments/related-parties-and-relatives/>

Q – Can I transfer investments I bought in my name into my SMSF?

No.

Q – Can I borrow to buy a property in my SMSF?

Yes you can, and we can help with finding you a SMSF loan.

Q – Does the property have to be rented? Can it be vacant land.

It does not have to be rented. It can be vacant land.

Q – Can I use my SMSF to build a house on the land?

Tricky question. Yes, you can if you have bought it outright. No, you can't if you have borrowed to buy it.

Q – Can I buy mowing equipment for my SMSF rural investment property?

No.

Q – I have shares outside of my super fund. Can I transfer them to my SMSF without having to sell them?

Yes, you can do this by contacting a stock broker or your share registry and asking for a 'off-market' transfer. Be aware of the contribution's limits. <https://www.ato.gov.au/Super/Self-managed-super-funds/Contributions-and-rollovers/Contributions-you-can-accept/>

11. Withdrawals and Pensions – The Technical Detail

There are many things to consider, most of which depend on your personal situation. Start here by watching this video. [SMSF Withdrawals and Pensions – The Technical Detail](#)

Then if you need individual advice on your personal tax situation, book in a one-on-one session with our SMSF expert

<https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

Q – Can you help me understand preservation age benefits?

Everyone has a 'preservation age;' for people born after 1 July 1964 the 'preservation age' is 60. Once you've reached your preservation age, and you're permanently retired, you will be able to access your superannuation without restrictions. You'll likely have to make a declaration to your super fund that you don't have any plans to work (for an income) again.

If you are NOT retired, then annually you can only take out 'transition to retirement income stream' (TRIS) which is a minimum of 4% of the fund and a max of 10% of the fund as an income stream. You cannot take a lump sum out.

Once you hit 65 there are NO restrictions. You can work. You can take out a lump sum. And the 'TRIS' converts to a normal pension.

Our accountants will be able to help you set that up when you are ready. There is some helpful info here <https://www.ato.gov.au/super/self-managed-super-funds/paying-benefits/preservation-of-super/>

Q – Why would I keep money in my SMSF after I retire?

There are many reasons, one to consider is that capital gains made by investments in an SMSF are tax free over 60.

Q – Can I access my SMSF for medical reasons or hardship?

Yes. Just like your current/outgoing super fund, there are conditions by which you can access your super for medical and other reasons. The provisions, which are very detailed and complex, are set out here <https://www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/early-access-to-your-super/>

Catherine covers some of this in her video here [SMSF Withdrawals and Pensions – The Technical Detail](#)

Fees – Set up and Ongoing

Q – What are the fees?

The fees are set out in detail on our order form online here <https://freedomffs.com.au/smsf-sign-up/> and in this video [SMSF Set Up Fees Explained with Mary-Jane](#). Note, we will increase prices slightly on 1 July 2023.

Q – Who pays the SMSF set up fee?

Your SMSF set up fee is \$2200, which can be paid from your SMSF. We ask for a \$660 deposit when you send us your order to cover our out-of-pocket expenses. We will send you the final set up invoice when we request your rollover, and once your super money rolls into your SMSF, you can pay the remainder of this invoice from the SMSF bank account using online banking. You can also reimburse yourself for the \$660

deposit from your SMSF bank account (use the reference “SMSF set up deposit reimbursement”). Half the setup fee is tax deductible for the SMSF.

Q – Do you charge more for additional rollovers if I have multiple accounts?

Yes. Our setup fee allows for two rollovers. If there you have additional rollovers, you can either do them yourself, either before or after the SMSF setup, or we will do them and charge \$220 per extra rollover.

Q – We have two members in our fund. Do we pay two sets of fees, or share the one fee?

All members share the one fee.

Q – Can we add an additional member after the SMSF has been set up?

Yes. We charge \$550 for each additional member added after set up. It is much more cost effective for you to set it up with ALL your members at the beginning, or at least before your Establishment Documents are prepared.

Q – Can we pay for these fees out of our SMSF fund.

Yes. We require a \$660 deposit for a new set up, and \$550 to add a Member paid before we start work on your order. You can refund yourself these fees out of the SMSF once your funds have rolled over (see above).

Q – Are any of the above fees tax deductible?

The setup fee is 50% deductible, annual fees are 100% deductible to the SMSF.

Q – When do I have to pay the annual fees?

Sometime in the next 12-18 months. How it works is this: at the end of each financial year, the FFSS accounting team prepares the annual statements and tax returns and lodge them in the following year.

Q – I only have \$5000 in my bank account. Does that mean I pay the minimum annual fees?

No. The value of the SMSF is not the amount of cash you have in the bank. It is the total value of all the investments held in the name of your SMSF.

12. Ongoing Management and Annual Tax Returns

Q – What happens after it’s set up and operating? What do I need to do?

Once your SMSF is set up and operating, you just need to

- Make ATO-compliant investments (see above)
- Keep receipts for those investments (top tip – attached them to the respective entries in your Macquarie Bank account!)
- Wait for one of our ongoing FFSS team members to contact you, which will be well in advance of your annual audit/tax return deadline and follow their instructions.

Q – What is my annual tax return deadline?

That depends when your SMSF was set up, and what the ATO decides. For example

- You set up before 30 June 2023 and you prepare your own return > deadline is 31 October 2023
- You set up before 30 June 2023 and we prepare your return > deadline is 28 February 2024
- You set up after 30 June 2023 and you prepare your own return > deadline is 31 Oct 2024
- You set up after 30 June 2023 and we prepare your return > deadline is 28 February 2025
- You set up before/after 30 June 2023 and the ATO has requests an early deadline > deadline is whatever the ATO specifies.

Q – No one from FFSS has contacted me yet. What do I do?

Nothing. If no one has contacted you, that means you don't need to do anything just yet.

Q – We've moved, what do we need to do?

If you make ANY changes to your SMSF, move address, change name, change structure of your SMSF by adding/removing members, you must let us know immediately so we can help you make all the necessary changes with the ATO, ASIC and the bank as required by law. There are legal timeframe requirements so please let us know as soon as you make ANY change.

13. Even More Questions

Q – I feel overwhelmed with all this information. What should I do?

Breathe. Then ask yourself two simple questions:

- Do you want more direct control over your own money?
- Are you willing to learn something new?

If the answer to those two questions is YES, then take the first step and book into a Free Introduction Session here

<https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

Q – I'm having trouble filling out the Order Form/signing the legal paperwork/opening the bank account. HELP!

If you have trouble with any of these process questions, watch the process videos here [SMSF Set-Up Process Videos with Mary-Jane](#)

Then if you still have more questions, book into Mary-Jane's free group Q&A sessions

<https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

Q – I have lots more questions. What should I do?

Book into ALL the Free session – Introduction, Paperwork & Management, & open Q&A sessions with Catherine here.

<https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

Q – I have questions about my own situation and would like your opinion in private.

If you have personal and/or specialist tax, investment, or other questions, you'd be best to book a private session with Catherine and/or our other specialists here.

<https://outlook.office365.com/owa/calendar/FreedomFinancialSolutions@wholisticfinancialsolutions.com.au/bookings/>

To get the most out of your session, when you book, give us a summary of your situation, and what you'd like to achieve, in the note sections when you make the booking.

IF YOU HAVE MORE QUESTIONS – PLEASE BOOK INTO ONE OF OUR FREE SMSF ESTABLISHMENT PAPERWORK SESSIONS. <https://freedomffs.com.au/> AND USE THE BOOK NOW BUTTON



Cass Smith B.Com, M. Tax, N.T.A.A, Dip (FP), Dip (MB), Dip (RE) J.P.

Accredited Property Investment Advisor (PIAA)

Recognized Taxation Specialist

Registered Tax Agent and Public Practising Accountant

Accredited Mortgage Consultant

Certified Master Results Coach

Author

Justice of Peace

P: 1300 333 121

E: catherine@freedomffs.com.au

W: www.freedomffs.com.au