



SMSF ASSOCIATION

ANNUAL REPORT

2016



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Chief Executive's Report

2016 is a year to remember for the far-reaching changes to superannuation introduced by the Federal Government in the May Federal Budget, the most significant changes in more than a decade. Some changes we supported and had long advocated for, others we opposed. In particular, we were critical of the proposal to reduce the concessional contribution cap to \$25,000 and place a lifetime limit of \$500,000 on non-concessional contributions (NCC).

Roll forward four months and the Federal Government decided to amend its \$500,000 limit with a new measure to cut the annual NCC cap from \$180,000 to \$100,000 and limit NCCs to people with superannuation balances of less than \$1.6 million. Quite clearly an annual cap of \$100,000, with a three-year bring-forward of up to \$300,000, gives people a better opportunity to save an adequate superannuation balance for retirement than that afforded by the \$500,000 lifetime cap. It was a decision we welcomed.

I mention these changes in government policy as a way of underlining just how important it is for the SMSF profession and sector to craft, as far as possible, its own future. In my opinion, the more our destiny is taken into our own hands, the more we can insulate our profession and sector, and the clients we service, from the vagaries of the inevitable changes in superannuation policy. Now is the time for us to work together to build the future.

Rest assured your Association will continue to work closely with government to help them understand the value and importance of the SMSF sector and the financial services sector and the importance of building consumer confidence in the system. Superannuation must remain the primary savings vehicle for all Australians and within this system I know that SMSFs will continue to remain industry leaders.

A major achievement at the start of the year was the Board approval of the 2016-2020 Strategic Plan that focuses on five core areas:

- (1) Creating the financial capacity to pursue our goals;
- (2) Leading the SMSF Sector by being the trusted source of information, education, policy positions and standards;
- (3) Drive an exceptional client centric experience;
- (4) To have a skilled, engaged and passionate workforce; and
- (5) Grow and maintain sustainable, strong and mutual strategic partnerships while maintaining independence.

In line with our Strategic Plan we continue to invest in Technology, Marketing and Brand awareness. We have now transitioned to our new technology platform and website for an improved member and customer experience. In scoping the project, there was a long wish list of requests for improvement from members and staff, none more important than a single sign-on, improved CPD event registration, better search performance for 'Find a Specialist' and an online technical resource centre to name a few. Our website design is setting a new benchmark among our peers featuring the 'Feed' to make technical resources more readily available to members and a personalised membership dashboard so members can have a better experience with the Association.

When reviewing 2016, it's hard to bypass the success of the National Conference held in Adelaide as a key highlight for the year. With more than 1500 delegates, many factors combined to ensure that it was a memorable event. The introduction of the technical workshops for our Specialist members was a great success where leaders in our industry were able to use real-life client scenarios as case studies. Secondly, attendance by the Treasurer, the Honourable Scott Morrison, highlighted what an important event our conference has become on the financial services calendar.

As the peak Association for the SMSF sector, we have always represented, supported and offered services to trustees. So, our decision to formalise this relationship and offer trustees membership of the Association is based on the firm belief and solid research that better-informed and -educated trustees are more likely to seek specialist advice.

With this in mind we have developed our Trustee Knowledge Centre website to target those SMSF trustees needing information to grow their confidence and trust in the system, as well as assist our members educate and inform their own clients.

It is anticipated to be a big year ahead as we continue to lead the SMSF sector. Thank you for your feedback to ensure that we remain focused on the benefits that you require to remain at the forefront of our industry.

Andrea Slattery
Managing Director/Chief Executive Officer



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2016 Highlights: There are more assets in SMSFs. SMSFs report higher balances. SMSF balances have increased over the past two years. **The average balance of \$1.11 million.** Approximately 1/3 of Association members are and serviced by SMSF Accredited Advisers. **86 SMSFs are set up every day.** More than 100 funds. **Four out of five SMSF Accreditation has positive business growth. An 11% increase in Specialist Advisors in 2016.**



Over the last 12 months, the total value of SMSF assets has increased by more than \$620 billion in the last 12 months. At present 30% of superannuation members have advised that their superannuation balance has increased by 14.8% in the last 12 months. On average SMSF has a balance of approximately \$600,000. Approximately 60% of SMSFs are advised members. Over the last 12 months, 55% of members agree that SMSFs have positively contributed to their financial goals. Over the last 12 months, 55% of members agree that SMSFs have positively contributed to their financial goals.

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Our Strategy:

Our 2020 Strategic Plan outlines how we are going to pursue our vision to **‘enable Australians to take greater control of their own destiny through a sustainable SMSF community.’** As part of the ongoing review of our strategy we have articulated a set of beliefs and values that encapsulate our purpose.



Our Beliefs

- We believe that every Australian has the right to a good quality of life in retirement.
- We believe that every Australian has the right to control their own destiny.
- We believe that how well we live in retirement is a function of how well we have managed our super and who has advised us.
- We believe that better outcomes arise when professional advisors and trustees are armed with the best and latest information, especially in the growing and sometimes complex world of self-managed super funds.
- We believe that insisting on tight controls, accrediting and educating advisors, and providing accurate and appropriate information to trustees is the best way to ensure that self-managed super funds continue to provide their promised benefits.
- We believe that a healthy SMSF sector contributes strongly to long term capital and national prosperity.
- We are here to improve the quality of advisors, the knowledge of trustees and the credibility and health of a vibrant SMSF community.

We are the SMSF Association

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OUR VALUES

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Our Values:

Leadership

Influence / Strategic

Professionalism

Knowledge / Intelligence

Integrity

Reliability / Ethical

Sustainability

Innovation / Enabler

Our Objectives

Strategic Partnerships

Sustain and grow strong mutually and financially beneficial partnerships



Financial

Achieve performance that enables reinvestment for future development and growth



Employees

A skilled, passionate and engaged workforce



Leading the SMSF Sector

The standard setter for SMSF education and professionalism



Customer-Client Centric

Drive an exceptional client experience for all members and stakeholders





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Financial

As part of our 2020 Strategic Plan, we are continuing to invest financial resources into new Technology, Marketing and Branding. This is reflected in the net loss after tax of \$277,721 for the 2016 financial year. The result for the year also reflects:

- Investment of approximately \$140k into new website and systems to improve our members experience
- Developing new Education Courses including University qualifications and career pathways as an SMSF Professional
- Technical services including an online resource centre which boasts over 150 technical Q&As and growing; technical papers; videos and education resources; and high quality technical events
- Continued print media and radio campaigns to promote our Specialists to trustees
- Growth in the number of members attaining our Specialist Accreditations
- Continued growth in Membership Revenue while reducing Membership dues for our Associate members

The priorities for financial investment in 2017 will include:

- Completion of the new website for professionals
- Investment in additional technical content and support for our members
- Additional marketing campaigns to continue to promote our Specialists and members

Leading the SMSF Sector

The last year has been an incredibly busy year for the SMSF Association, with the most significant changes to superannuation in ten years being announced in the 2016 Federal Budget. While there were a number of changes to the superannuation system announced that we did not agree with, there were a number of policies that the Association had been advocating for that were announced in the Budget. These included:

- Allowing carry forward of unused concessional caps
- Stopping the concessional contribution caps being lowered below \$25,000
- Removing the 10% rule for deductible contributions
- Streamlining contribution rules for over 65s
- Enshrining the objective of superannuation
- Repealing the anti-detriment provisions
- Retaining transition to retirement legislation
- Ensuring SMSFs were not excluded from offering deferred annuity streams

Since the Budget, our advocacy has resulted in improvements in the Government's superannuation package. To date significant successes have been the Government abandoning its proposed \$500,000 lifetime non-concessional contribution cap and shifting to an annual cap and ensuring that SMSFs are allowed to offer deferred income streams in retirement, not just large funds or product providers. Both these changes will ensure that SMSF trustees will have better opportunities to enjoy a secure and dignified retirement.

One of the key activities the Association takes in its role of leading the SMSF sector is publishing research to assist advisers deliver advice to trustees and shape policy and thinking. Notable research has included:

- Intimate with SMSF Report (NAB)
 - Research on Women and SMSFs (CBA)
 - Research with Accurium on SMSF trustees achieving a secure retirement
 - Research prepared by Rice Warner analysing SMSF contribution patterns and impact of Budget changes
- 2016/17 shapes up as another busy 12 months with the focus on
- Reviewing draft Government legislation arising from the 2016 Budget
 - The introduction of a new independent financial advice standard setting statutory body in 2017 bringing changes to the education and ethical standards for advisers
 - The Productivity Commission review into competition and efficiency of superannuation



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OUR OBJECTIVES





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Customer Client Centric

Our members are the core of why we exist. We are always striving to evolve and deliver new products and services to meet our members' changing needs.

2016 Membership survey

From the 2016 membership survey there were a number of clear areas where our members continue to look for our support: These included:

- Additional technical resources to support the changes facing the Superannuation and Financial Services sector
- Suggestions on improvements to our CPD program
- Improvements to our website to help with event bookings and searching for resources and other information
- More marketing and brand recognition of our Specialists and members

We were also really pleased that more than 85% of our members had a positive view of our membership and were happy with how we communicated with them.

Thank you to all of our members who participated in the survey. It is important in helping us shape the future of the Association.

The next 12 months

As part of the feedback from the member survey we look forward to rolling out the following changes over the next 12 months to our members:

- Providing the Legislative and Regulatory update as a complimentary webinar to our members
- Tailoring CPD topics during 2017 to help inform members about upcoming changes to the sector
- Additional resources to go towards more targeted marketing to consumers to promote our Specialists and members
- Launching more 'on-demand' recordings for our members to access
- Rolling out further improvements to Find a Specialist to make searching even easier
- Rebuilding our education platform to improve the online delivery of our content
- More access to video and online learning tools

The new Association Website

We have now launched the Association's new website based on feedback from previous member surveys and workshops with our membership. We have focused on delivering a simple experience and navigation to help our members with their key interactions with us.

We are also really excited to launch our new member only resource called the 'Feed' which provides one centralised source of all of the technical information from the Association. We will be continuing to develop new content to expand this as the one stop shop SMSF technical resource for our members.

Employees

As a component of the SMSF Association 2020 Strategic Plan we have transitioned to a new leadership structure to support our Managing Director/CEO, Andrea Slattery. The leadership team includes:

- Jordan George leading Policy and Government Relations ably supported by Peter Hogan as the Technical Guru;
- Liz Ward leading your Learning Experience and Professionalism;
- Jessica Beare leading your Marketing and Communications;
- Craig Jameson leading our Business Development and Stakeholder Relationships Management;
- Josh Geers leading your Membership Services and our Corporate Office; and
- Each has been appointed to our Executive Committee to lead the service provision for you as members.

We have initiated mandatory professional development for all employees to improve their understanding of superannuation, the SMSF sector and your needs.

In addition to our employees, we are supported by in excess of 200 member volunteers as event facilitators, speakers, writers, mentors, advisory and community committees. We understand that volunteers have an enormous impact on the health and well-being of our community. Success of the SMSF Association has been built on the time and efforts of our member volunteers, thank you for your generous contribution.

Strategic Partnerships

Our 2020 Strategic Objective is to grow and maintain sustainable and strong, mutually commercial Strategic Partnerships whilst maintaining our integrity and independence. We recognise that one of the biggest mistakes businesses make is trying to do everything alone. In order to successfully achieve our objective we must form beneficial Strategic Partnerships.

We seek Strategic Partnerships to:

- Grow the SMSF Association brand as the lead voice for the sector;
- Support the SMSF Association in continuing to build integrity in the industry;
- Reinforce SMSFs role as the preferred savings vehicle for a good quality of life in retirement;
- Strengthen our authority by engaging with partners who share our interests in developing independent research for us to interpret, inform and influence the policy debate;
- Support opportunities for the Association to drive thought leadership programs, influencing national and international retirement frameworks and systems;
- Deliver excellence in service areas; and
- Enhance our competitive position in an increasingly dynamic and changing environment by reducing costs and increasing flexibility through strategic partnerships, thereby minimising risk.

Successful Partnerships for the 2016 Financial Year include:

1. An alliance with the ATO including:
 - Technical collaboration
 - Developing strategies to grow confidence in the sector
 - Education, training and resources
 - Research program
 - Secondment program
2. A multi-dimensional partnership program to support the development of Independent Research for the SMSF Association to inform and advocate for the integrity of the SMSF, Superannuation, Tax Advice and Financial Services industries.





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