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How many members is a good idea?

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Tim Miller

Tim Miller is an independent SMSF trainer, presenter and mentor with over 20 years' hands on experience in the Superannuation industry providing compliance and administrative support to thousands of Trustees, Accountants and Financial Planners. Through his business, Miller Super Solutions, he provides interactive in-house training and consulting, accommodating all levels of knowledge. He is also an SMSF consultant to a number of industry education providers and has authored one of the subjects for the SMSF Association Graduate Certificate delivered via Kaplan and the University of Adelaide.

His practical and personable approach to dealing with and explaining compliance obligations has resulted in Tim regularly presenting at all of the major SMSF conferences as well as contributing to SMSF trade and broader media publications. Tim is a Self Managed Superannuation Fund Association Specialist Adviser.



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Graeme Colley

Graeme Colley is the Executive Manager, SMSF Technical and Private Wealth at SuperConcepts. In that role his responsibilities include the provision of technical and education services to private wealth clients, maintaining the company's media and corporate profile and its advocacy with government.

Graeme has considerable taxation and superannuation experience gained from senior positions in the ATO, as an Assistant Commissioner of the Insurance and Superannuation Commission, TND as well as leading fund managers and consultants, including Macquarie Bank, Mercer and Chartered Accountants ANZ.

He is a past author of the CCH Master Financial Planning Guide and Financial Planning in Australia. His academic experience extends to the ATAX Masters course at UNSW and the Master of Commerce (Financial Planning) course at UWS.



Learning outcomes

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- Understand the impact of the increase in SMSF members on decision making and fund administration
- Appreciate the difficulties that can arise by the increase in SMSF members on investments and benefit payments
- Recognise the benefits of increasing SMSF members from a wealth transfer angle

VOTING TIME!

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Poll Question

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Q1 - What do you think is the optimal number of members for an SMSF?

- a – 1 and 2
- b – no more than 4
- c – 6
- d – 10

Session overview

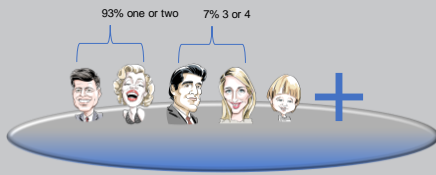
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- Pros and cons of more members in an SMSF
- Review the lifecycle considerations
 - Establishment (including administration)
 - Investments
 - Paying Benefits
- The family tree – what are some options for our case study family?

By the numbers

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Establishment & Administration

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POSITIVES

- Caters for larger families
- Corporate Trustees
- Reduces costs
- Australian Super Fund definition

NEGATIVES

- Trust Deed provisions – number of members
- Individual Trustees
- Reduced efficiencies
- Control – incl appoint and remove

Fund Investments

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POSITIVES	NEGATIVES
<ul style="list-style-type: none"> Pooling of assets – greater purchasing power Taxation strategies – i.e. franking credits 	<ul style="list-style-type: none"> Indecisive decision making Illiquid investments v cash flow Naming conventions

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Benefit Payment

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POSITIVES	NEGATIVES
<ul style="list-style-type: none"> Generational wealth transfer Streamlined estate planning 	<ul style="list-style-type: none"> Relationship breakdown Elder abuse

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SMSF Association National Conference 2019

Strength of determination

Melbourne Convention & Exhibition Centre 20 - 22 February 2019

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Poll Question

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Q2 - If you were to increase the number of members in an SMSF who would you target to add?

- a – siblings and their family
- b – children of fund members
- c – business associates
- d – immediate family

Legislative hurdles

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- Acquisition of asset from related party – business real property exemption
- Ungeared Trusts and Companies
- State Trustee laws
 - Restrictions on number of trustees
 - Asset title restrictions
- Signing requirements – SMSF Accounts
 - Currently states "at least two"

A case study of more or less – the kids

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THE FAMILY



PROS

PROS






CONS

CONS

THE FUND

- 2 member fund = simplicity
- 4 member fund = greater purchasing power
- Lower fund costs per member
- Voting powers if Jack Sr dies first
- Problematic if relationship breakdown
- Who is J Jr's LPR? (Mum?)



A case study of more or less – the relos #NAC2019 

THE FAMILY  **THE FUND** 

PROS **CONS**

PROS **CONS**

- Trusted relative to help manage member under EPRA
- Greater purchasing power
- Reduced fees per member
- Cousins are not related parties for SMSF investment restrictions
- Relationship breakdown
- Voting powers


SMSF Association National Conference 2019  **Strength of determination**

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Poll Question #NAC2019 

Q3 - Which of the following would influence you to add more members to an SMSF?

- a – cost reduction
- b – better investment opportunities
- c – estate planning
- d – shared responsibility



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