

GENERAL INFORMATION *

Establishing a Self-Managed Superannuation Fund

An SMSF places the fund's members in the trustee's seat, with direct control over investment selection, structure, and the timing of tax. This factsheet outlines how an SMSF is established, the compliance obligations it carries, and the taxation treatment that applies.

Regulated by the ATO

Rates: FY2025-26

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1 What is an SMSF?

A Self-Managed Superannuation Fund (SMSF) is a private superannuation fund regulated by the Australian Taxation Office (ATO). Unlike traditional retail or industry funds, the members of an SMSF are also the trustees. This provides ultimate control over your retirement destiny, investment selection, and tax timing.

2 Structure & establishment

To establish an SMSF in accordance with Australian law, four elements must be put in place.

1

Trustee selection

Choose between **Individual Trustees** (each member is a trustee) or a Corporate Trustee (a company acts as trustee).



RECOMMENDED

Corporate trustees are highly recommended.

A corporate trustee provides better asset protection and legal continuity. The fund keeps a single, stable trustee even as members join or leave, and fund assets are held separately from members' personal affairs.

2

Trust deed

A tailored legal document that outlines the fund's operating rules.

3

ATO registration

Obtain an ABN and TFN and elect to be a "Regulated Fund".

4

Investment strategy

A mandatory document considering the risk, return, liquidity, and insurance needs of all members.

3

Compliance obligations

As trustee, you are legally responsible for the fund's compliance.



Annual audit

An independent audit by an ASIC-approved SMSF Auditor.



Financial reporting

Annual Financial Statements and an SMSF Annual Return (SAR).



Market valuations

All assets valued at fair market value as of 30 June each year.



CORNERSTONE RULE

The Sole Purpose Test.

The fund must be maintained for the sole purpose of providing retirement benefits to members. Every investment and decision is measured against this test.

4 Taxation benefits: why move to an SMSF?

The Australian tax system provides significant incentives for SMSFs. While your personal income is taxed at your **Marginal Tax Rate (MTR)**, the SMSF is a concessional environment.

A Contribution tax savings

By making concessional contributions (salary sacrifice or personal deductible contributions), you reduce your taxable income and save the difference between your MTR and the 15% super tax.

Tax saving per \$10,000 of concessional contributions (FY2025-26).

Your marginal tax rate (incl. Medicare)	SMSF tax rate	Tax saving per \$10,000 contributed
21% (Lower Bracket)	15%	\$600
32% (Middle Bracket)	15%	\$1,700
39% (Higher Bracket)	15%	\$2,400
47% (Top Bracket)	15%	\$3,200

¹ High income earners (over \$250k) may pay an additional 15% Division 293 tax. Even so, this is still a 17% saving against the top rate.

B Investment tax savings

Tax difference on **\$50,000 of rental income** and a **\$100,000 capital gain** (asset held > 12 months), comparing an individual to an SMSF.

Total annual tax on the same investments: individual versus SMSF (FY2025-26).

Income type	Individual (at 39% MTR)	SMSF (Accumulation)	SMSF (Retirement) BEST OUTCOME
Annual Income (\$50k)	\$19,500	\$7,500	\$0
Capital Gain (\$100k)	\$19,500 ¹	\$10,000 ²	\$0
Total Tax Payable	\$39,000	\$17,500	\$0
Net Annual Saving	Baseline	\$21,500	\$39,000

¹ Individual: \$100k gain – 50% discount = \$50k taxed at 39%.

² SMSF: \$100k gain – 33.33% discount = \$66,666 taxed at 15%.

5

Strategic advantages



Property investment

SMSFs can invest in residential or commercial property. Business owners can own their business premises via their SMSF, providing secure tenancy and tax-deductible rent.



Cost efficiency

For higher balances (typically \$500k+), the fixed-cost nature of an SMSF can be significantly cheaper than percentage-based fees in retail funds.



Estate planning

SMSFs offer sophisticated Non-Lapsing Binding Death Benefit Nominations, giving you total certainty over how your wealth is inherited.

6

Important considerations

An SMSF carries real responsibility. Weigh these points before deciding.



Time & expertise

Managing an SMSF requires time and a baseline level of financial literacy.



WATCH THIS

Liquidity: the fund must be able to pay its bills.

You must ensure the fund has enough cash to pay its debts and taxes. Illiquid assets such as property can leave a fund unable to meet obligations when they fall due.



WATCH THIS

Penalties fall on trustees personally.

The ATO can issue "Administrative Penalties" to trustees personally for non-compliance. These cannot be paid or reimbursed from the fund.

Is an SMSF right for me?

A quick self-check against the points above. This is general information, not a personal recommendation.

- I have the time and financial literacy to take on trustee duties.
- I am comfortable being legally responsible for the fund's compliance.
- The fund will hold enough cash to meet its debts and taxes when due.
- My super balance is large enough for fixed costs to be efficient (often \$500k+).
- I want greater control over investment selection, including property.
- Certainty over how my benefits are inherited matters to me.



Tick the points that apply to you.

Your tally appears here as a general indicator only.



Glossary of terms

SMSF

Self-Managed Superannuation Fund. A private super fund whose members are also its trustees, regulated by the ATO.

ABN

Australian Business Number, a unique identifier registered for the fund.

SAR

SMSF Annual Return, the fund's combined annual tax and regulatory return lodged with the ATO.

Sole Purpose Test

The requirement that the fund be maintained for the sole purpose of providing retirement benefits to members.

ATO

Australian Taxation Office, the regulator of self-managed super funds.

TFN

Tax File Number, the fund's identifier for tax purposes.

Division 293

An additional 15% tax on concessional contributions for individuals whose income is above the relevant threshold (broadly \$250,000).

Concessional Contributions

Before-tax contributions such as salary sacrifice or personal deductible contributions, taxed at 15% in the fund.

Non-Lapsing BDBN

Non-Lapsing Binding Death Benefit Nomination, a direction that binds the trustee on who receives your benefit and does not expire.

Fair Market Value

The price an asset would realise in an open market, used to value fund assets at 30 June each year.

Corporate Trustee

A company that acts as the fund's trustee, offering asset-protection and continuity advantages over individual trustees.

DISCLAIMER

This factsheet contains general information only and is based on Australian taxation law. It does not take into account your personal objectives or financial situation. We recommend a formal consultation with a licensed SMSF specialist before establishing a fund.

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NOTICE

General information only. Rates FY2025-26.