

SELF MANAGED SUPERANNUATION FUNDS – LOANS OR FINANCIAL HELP TO MEMBERS OR A MEMBER’S RELATIVE

The following contains excerpts from the Australian Taxation Office publication “Running a self-managed super fund”:

Loans or financial help to members or a member’s relative:

You can’t lend money or provide direct or indirect financial help (including the provision of credit) from your fund, to a member or a member’s relative. For example, using fund assets to guarantee a personal loan would contravene this investment restriction.

A members or a member’s relative means any of the following:

- A parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of that individual or of his or her spouse
- A spouse of an individual specified above.

Contravening the sole purpose test is very serious and may lead to trustees facing civil and criminal penalties.

It can result in a fine of up to 2000 penalty units and/or five year imprisonment for individual trustees, and may result in your fund losing its complying status. Higher penalties apply to corporate trustees. The value of a penalty unit is currently \$110.

To view the full publication put out by the Australian Taxation Office click on the following link:

[HTTP://WWW.ATO.GOV.AU/CONTENT/DOWNLOADS/SPR46427N11032.PDF](http://www.ato.gov.au/content/downloads/spr46427n11032.pdf)

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LOANS TO MEMBERS AND RELATIVES

- You cannot loan money from the fund to members or relatives
- Relatives include lineal descendants and adopted children
- Serious penalties can apply

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