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CLIENT NEWSLETTER

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Borrowing in Self-Managed Superannuation Funds

As you know, borrowing has been prohibited in superannuation funds. Funds used to get around this by acquiring commercial properties and suchlike in unit trusts and having the borrowing in the unit trust, however legislation was brought in to stop that approximately 10 years ago.

New legislation has been brought in to now allow some borrowing, however the borrowing is a little more complex because there has to be another trust structure introduced beside the superannuation fund to enable it to borrow for a specific asset. This is very much a developing area and the legislation was finalised in the last few months. We are not aware of any bank that has advanced a loan in such circumstances, at this stage, however we also understand that the borrowing can be from members of the superannuation fund rather than a bank, if they happen to have the money.

Rather than try to set out the details of this we suggest that if you want to take advantage of it we can supply further information including a podcast from a seminar that we went to on the subject. That seminar was conducted by McCullough Robertson lawyers and they are happy for the podcast to be supplied to clients.

Please let us know if you'd like to pursue this further or simply keep it in your mind as an option for the future.

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What is "OBM"? Open Book Management

OBM encourages people not to work too hard and burn out, but to "work smart" and find the good ways to do things – balancing work and play time.

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