

Commercial Property & SMSF

HAVE YOU CONSIDERED TRANSFERRING YOUR BUSINESS PREMISES TO AN SMSF?

Situation

We had clients who had been in business for over 20 years. Recently an opportunity was presented to them where their business premises came up for sale at a price that was just too good to be true. So, they approached their bank, took out a loan and purchased the premises. It seemed like the right thing to do at the time as their loan repayments were less than the original rent they were paying, plus the interest payments on their commercial mortgage were tax deductible.

But as time went on, they were now looking to the future, and they came to us for our advice on strategic planning around their investments and working out a strategy for long term wealth.

Solution

The first thing we looked at was their investment portfolio and the assets they had accumulated. We discussed the option of a super borrowing strategy which meant transferring the business premises to a SMSF. There were various factors to consider in the strategy including the costs of transfer, investment return of both the shed, their home and existing investments in superannuation.

Outcome

Our advice considered the various options using the super borrowing strategy. The clients took our advice to transfer the shed to the SMSF and were then able to use the proceeds from super to pay off their home loan which made them very happy and relieved about their personal cashflow and debt position.

Key Learnings

- Know the options available for any investment
- Be in touch with your accountant early so you can get the right advice before you act
- Always think long term in your decision making, not just for the here and now



Keen to find out more?

Give the team at Inspire a call and make an appointment with Melinda Kidd to discuss your options and whether this is possibly an option for you. Call 4914 2400