



## **SMSF & Property Investment Guide**

Understanding Self-Managed Super Funds for property investment



# What is an SMSF?

## Understanding Self-Managed Super Funds

A Self-Managed Super Fund (SMSF) is a private superannuation fund that you manage yourself. Unlike retail or industry super funds, an SMSF gives you direct control over your investment decisions — including the ability to invest in residential and commercial property.

With over 600,000 SMSFs in Australia managing more than \$900 billion in assets, they represent a significant and growing segment of the superannuation landscape. An SMSF can have up to six members, all of whom must be trustees (or directors of a corporate trustee).

### ● Tax Efficiency

Rental income taxed at just 15%. In pension phase, income and capital gains may be reduced to 0%. CGT discount can bring the rate to just 10%.

### ● Asset Control

Direct ownership and control over your property investment decisions, unlike managed funds where a trustee decides.

### ● Retirement Wealth

Build a tangible property portfolio that generates income and capital growth for long-term retirement security.

### ● Portfolio Diversification

Add real property assets alongside shares, cash and fixed interest to reduce overall portfolio risk.

#### **Important:**

Penalties for non-compliance can be severe. Always seek advice from a licensed financial adviser and SMSF specialist before proceeding.



# SMSF Property Rules

*Key compliance requirements for SMSF property investment*

Investing in property through an SMSF is subject to strict rules set by the Australian Taxation Office (ATO). Understanding these rules is essential to avoid penalties and ensure your fund remains compliant.

## ● Sole Purpose Test

The property must be held solely for the purpose of providing retirement benefits to fund members. It cannot serve current personal interests.

## ● No Living In Property

No member or related party can live in, rent, or use the SMSF property — even if paying market rent. This applies to residential property only.

## ● Arm's Length Transactions

All purchases and sales must be conducted at market value with unrelated parties. Related-party property purchases are prohibited for residential assets.

## ● LRBA Requirements

Limited Recourse Borrowing Arrangements must follow strict ATO guidelines. The property must be held in a separate bare trust until the loan is repaid.

## ● Insurance Requirements

SMSF trustees must consider whether insurance is appropriate for fund members. The property itself should also be adequately insured.



# How Optio Can Help

*End-to-end support at every stage of your SMSF journey*

## **Property Strategy Assessment**

We assess whether property aligns with your wealth creation goals and personal circumstances. We can refer you to a licensed SMSF specialist if required.

## **Fund Readiness & Coordination**

We work with your established fund's advisers to ensure investment strategy documentation is in place and compliant.

## **Compliant Market Research**

Data-driven analysis meeting SMSF compliance requirements across multiple markets and property types.

## **Acquisition & Due Diligence**

Source and vet properties with rigorous due diligence on site plans, designs and builders. Coordinate LRBA arrangements.

## **Settlement & Tenant Placement**

End-to-end coordination of settlement, property management setup and tenant placement.

## **Ongoing Review & Growth**

Annual portfolio reviews, performance benchmarking, and opportunities to expand your SMSF property holdings.



# Costs & Considerations

*Understanding the financial commitments involved*

SMSF property investment involves additional costs beyond a standard property purchase. Understanding these upfront will help you plan effectively and avoid surprises.

## Typical Costs

- ✓ SMSF establishment: \$1,000 – \$3,000
- ✓ Annual audit & compliance: \$1,500 – \$3,000
- ✓ Accounting & tax return: \$1,500 – \$3,000
- ✓ Legal & trust deed: \$500 – \$1,500
- ✓ Property costs (stamp duty, inspections)
- ✓ LRBA lending fees & higher interest rates

## Key Considerations

- ✓ Minimum balance: \$200K–\$300K recommended
- ✓ Liquidity: property is illiquid — plan ahead
- ✓ Time commitment: active trustee duties
- ✓ Diversification: avoid one-asset concentration
- ✓ Compliance: ongoing ATO requirements
- ✓ Exit strategy: plan for members' retirement



## Ready to Explore SMSF Property?

[Schedule Your Consultation](#)

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## Disclaimer

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