**SMSF INVESTMENT STRATEGY**

**TRUSTEE DATA CAPTURE**

**Introduction**

The Commissioner of Taxation has released a letter to Trustees that says, amongst other things the following:

“As a trustee you are ultimately responsible for ensuring your investment strategy meets the requirements under the law. *You could also be liable for an administrative penalty of $4,200 if your investment strategy fails to meet these requirements*”.

**What you need to do**

You need to review your investment strategy to make sure it complies with the law. In particular, you need to be able to provide evidence, ideally within a written investment strategy, of how you considered the following:

* diversification of your fund’s investments;
* the risks associated with inadequate diversification within the context of your SMSF's investment Portfolio;
* the making, holding and realising and the likely return from your investments having regard to your retirement objectives and expected cash flow requirements;
* the liquidity of your investments, meaning ability of your fund to pay benefits as members retire and pay other costs incurred by your fund;
* whether to hold insurance cover for one or more members of your SMSF.

Have your investment strategy ready to provide to your Fund's approved auditor as part of your next audit. This will help your auditor form an opinion on your fund's compliance with these requirements.”

**Importantly** an investment strategy is a forward-looking document and the Trustee must have one in place for the income year ending 30 June 2021. To help us prepare a legally valid written questionnaire can you …..

**PLEASE COMPLETE THE FOLLOWING TABLE**

The purpose of this table is to develop your Fund’s investment strategy as required under Superannuation Laws and recently released ATO guidelines. There is some information about the members of the Fund and also their insurances, in and outside of the fund as well as their retirement objectives. This is mandatory and you will see we have three selections to make it easier for you.

1. **Member Details -** Can you complete for each member:

**Member Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member Age: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Employment Status** (are they retired, self-employed, employed or home maker):

Retirement Objective (choose one):

* The member is in their retirement phase and seek to secure a long term income stream with the Trustee mindful of low risk and cash flow to meet pension payments while preserving capital.
* The member seeks to be provided with a secure income stream in retirement in conjunction with external investments, superannuation and if needed the aged pension. The amount cannot be quantified at this stage.
* The members retirement objective which includes superannuation is to provide the funds for the maximum lifestyle they desire including travel, covering all health care and living expenses easily plus looking after the family.

**Insurance Details** – please provide details for this member of any insurances inside or outside the fund and if none – why they have chosen not to be insured (e.g. too expensive, too old):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Member Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member Age: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Employment Status** (are they retired, self-employed, employed or home maker):

Retirement Objective (choose one):

* The member is in their retirement phase and seek to secure a long term income stream with the Trustee mindful of low risk and cash flow to meet pension payments while preserving capital.
* The member seeks to be provided with a secure income stream in retirement in conjunction with external investments, superannuation and if needed the aged pension. The amount cannot be quantified at this stage.
* The members retirement objective which includes superannuation is to provide the funds for the maximum lifestyle they desire including travel, covering all health care and living expenses easily plus looking after the family.

**Insurance Details** – please provide details for this member of any insurances inside or outside the fund and if none – why they have chosen not to be insured (e.g. too expensive, too old):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Member Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member Age: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Employment Status** (are they retired, self-employed, employed or home maker):

Retirement Objective (choose one):

* The member is in their retirement phase and seek to secure a long term income stream with the Trustee mindful of low risk and cash flow to meet pension payments while preserving capital.
* The member seeks to be provided with a secure income stream in retirement in conjunction with external investments, superannuation and if needed the aged pension. The amount cannot be quantified at this stage.
* The members retirement objective which includes superannuation is to provide the funds for the maximum lifestyle they desire including travel, covering all health care and living expenses easily plus looking after the family.

**Insurance Details** – please provide details for this member of any insurances inside or outside the fund and if none – why they have chosen not to be insured (e.g. too expensive, too old):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Investment allocation only per class of Assets – no investments**

There are number of asset types in the table and all you need to do is put in a Benchmark Allocation for a specific asset class. It is not a specific number but a range that you plan on implementing at this time for the rest of the income year.

So for example insert a range such as Domestic Cash – 10% - 30% which means the Trustee will hold cash reserves of at least 10% but no more than 30% of the Fund’s assets as these will be invested in one of more other asset classes. Put 0% or Not Applicable (NA) if the box does not apply.

Remember there is no right or wrong simply what you expect to invest in over the next income year. From this we can prepare a comprehensive investment strategy.

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSET CLASS** | **KEY CHARACTERISTICS** | **TRUSTEE TIME FRAME** | **BENCHMARK ALLOCATION** |
| Cash |
| Domestic Cash | Invested via bank accounts, bank bills and other similar securities. Provides income via interest. May be suitable for short-term needs. | Short-term(up to three years). |  |
| International Cash | Invested via international bank accounts, term deposits, bank bills and other similar securities. International cash investments May have currency risk exposure if not hedged. Provides income via interest. May be suitable for short-term needs. | Short-term(up to three years). |  |
| Fixed Interest |
| Domestic Fixed Interest | Can provide a steady and reliable income stream with potential for capital growth and usually offers a higher interest rate, or yield, than cash. Includes Australian government bonds, Australian company bonds plus Australian special infrastructure bonds. | Short, medium or long- term. |  |
| International Fixed Interest | Can provide a steady and reliable income stream with potential for capital growth and usually offers a higher interest rate, or yield, than cash. Includes International government bonds, International company bonds plus International special infrastructure bonds. May have currency risk exposure if not hedged. | Short, medium or long- term. |  |
| Equities |
| Domestic Equities | Potential for capital growth, and may offer income through the payment of dividends with imputation credits. The Trustee may choose to invest in Australian companies either directly or using managed funds or listed companies. | Medium-to-long-term (five years plus). |  |
| International Equities | Potential for capital growth, and may offer income through the payment of dividends with foreign tax credits. The Trustee may choose to invest in International companies either directly or using managed funds or listed companies. May have currency risk exposure if not hedged. | Medium-to-long-term (five years plus). |  |
| Property |
| Domestic Property | Provides the benefits of diversification through access to Australian properties in retail, office, industrial, tourism and infrastructure sectors. You can invest in Australian property directly or via managed funds or syndicates. | Medium-to-long term (five years plus). |  |
| International Property | Provides the benefits of diversification through access to International properties in retail, office, industrial, tourism and infrastructure sectors. You can invest in International property directly or via managed funds or syndicates. May have currency risk exposure if not hedged. | Medium-to-long term (five years plus). |  |
| Alternative |
| Alternative  | An investment in an asset that does not fall within the traditional asset classes noted above. They include hedge funds, private equity, art and antiques, futures, derivatives, commodities, credit, equity crowdfunding, etc.  | Short, medium or long- term. |  |
| Borrowing |
| Borrowing | The Trustee may elect to acquire investments such as property or shares using a limited recourse borrowing arrangement or self funding instalment warrants.  | Short, medium or long- term. |  |
| Any Custom Assets such as Gold detail below | **KEY CHARACTERISTICS** | **TRUSTEE TIME FRAME** | **BENCHMARK ALLOCATION** |
|  |  |  |  |