**2021 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** the Trustee must have an investment strategy in place for the Fund’s tax return for the income year ending 30 June 2020 and 30 June 2021. To help us prepare a valid investment strategy can you ….

**PLEASE COMPLETE THE FOLLOWING DATA CAPTURE**

1. **MEMBER INFORMATION**

The purpose of this information is to complete an investment strategy for your Fund according to the Commissioner of Taxation’s rules. This requires details on each Member, including name, age, employment status details such as full-time work, self-employed or retired. The Commissioner further states that the retirement objective, or what each member is seeking for their retirement needs should be reviewed. There are some simple choices available in the data capture and you will need to tick which is the most appropriate or design a specific objective.

**NAMES AND DETAILS OF MEMBERS**

**Member One:**

1. Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Age: \_\_\_\_\_\_\_\_\_\_\_\_\_
3. Employment Status (circle one): Retired/Self-Employed/Not Working/Employed
4. 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 is in both accumulation and pension phases in their Fund. They are seeking to receive a secure income stream while maximising growth in their accumulation account for the purposes of lump sum emergency or family drawdowns and in addition maximising their SMSF estate planning benefits.
* 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 member's 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.
* Other please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Member Two:**

1. Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Age: \_\_\_\_\_\_\_\_\_\_\_\_\_
3. Employment Status (circle one): Retired/Self-Employed/Not Working/Employed
4. 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 is in both accumulation and pension phases in their Fund. They are seeking to receive a secure income stream while maximising growth in their accumulation account for the purposes of lump sum emergency or family drawdowns and in addition maximising their SMSF estate planning benefits.
* 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 member's 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.
* Other please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Member Three**

1. Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Age: \_\_\_\_\_\_\_\_\_\_\_\_\_
3. Employment Status (circle one): Retired/Self-Employed/Not Working/Employed
4. 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 is in both accumulation and pension phases in their Fund. They are seeking to receive a secure income stream while maximising growth in their accumulation account for the purposes of lump sum emergency or family drawdowns and in addition maximising their SMSF estate planning benefits.
* 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 member's 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.
* Other please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Member Four**

1. Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Age: \_\_\_\_\_\_\_\_\_\_\_\_\_
3. Employment Status (circle one): Retired/Self-Employed/Not Working/Employed
4. 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 is in both accumulation and pension phases in their Fund. They are seeking to receive a secure income stream while maximising growth in their accumulation account for the purposes of lump sum emergency or family drawdowns and in addition maximising their SMSF estate planning benefits.
* 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 member's 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.
* Other please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **INVESTMENT ALLOCATION - CRUCIAL**

The purpose of this table is to develop your Fund’s investment strategy as required under the Superannuation Laws. 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.

For example, you may 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.

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| --- | --- | --- | --- |
| **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. |  |
| Do you have a Custom Asset like Gold or Bitcoin? | Insert a description on what the asset’s characteristics are | How long will you hold it |  |
|  |  |  |  |