



CASE STUDY

Self-Managed Super Fund

A Client, Ben*, had operated out of a factory unit for a number of years and the owner had come to him to tell him that he was going to sell it and to offer the unit to Ben at a good price. There was no real estate agent involved so there was an immediate saving that the owner was willing to pass to Ben.

Our discussion established:

- that it was a good deal for Ben and owning his business premises appealed to him, but
- Ben had recently purchased a new house and did not want further debt. He had been using any surplus cash towards the mortgage. Furthermore, he did not have a deposit for the unit.

This is where a Self-Managed Super Fund (SMSF) could assist.

Ben and his wife, Lily*, had always paid into Super Funds and between them they had accumulated enough to put a good deposit down on the factory unit.

To help Ben and Lily achieve their goals:

- We formed a SMSF for Ben and Lily.
- We rolled over Ben's and Lily's Super account balances into the new SMSF Fund.
- Our financial planner arranged life insurance cover for both Ben and Lily within the SMSF.
- The factory unit was purchased in the name of the SMSF and the SMSF borrowed the balance of the purchase money to settle the purchase.
- Ben's business entered into a lease over the new premises and began to pay rent to the SMSF.
- Ben and Lily paid their normal super contributions to the SMSF.

- The SMSF started to repay the money borrowed to purchase the factory unit from the rental income and Ben and Lily's contributions, repaying the debt more quickly than required thereby saving interest.

Ben and Lily were delighted with this strategy which provided them with an additional asset, secured the business premises into the future and gained them control of their own Superannuation Funds.

*Name changed

What Next?

For more information on Self-Managed Super Funds, contact your manager or partner at Enspira Financial to further discuss this relating to your personal situation.