



GET STARTED

SMSF CASE STUDIES



2019/20

Super**vision**
GROUP



What can your
SMSF DO?

Get Started

WHAT IS POSSIBLE IN SMSF?

It may not be a surprise to find out that not all SMSF's are the same. Over 15 years Supervision Group have been looking after hundreds of SMSF's. During this time we have seen various types of SMSF success stories. This document is to highlight some real life case studies that we have been a part of. These stories will give you a broad picture of what has been successful for the members so far, however it can't predict the future and is not a substitute for licenced financial advice. Past performance is not an indication of future performance.

Long Term Growth & Diversification

Case Study 1

In 1999, CSL (CSL Limited) was trading at around \$4.52 per share. One keen investor invested around \$5,424 into CSL with the view that the company was in a great position to grow. Not including any subsequent investments which the investor has made, that one parcel of shares is now worth \$286,080. The investor continually increased their holding over the years. Huge capital growth in CSL (one of the best examples) has put this investor in an amazingly strong position. Over time and various share market conditions including 9/11 and the GFC, the value of this holding has continued to grow.

In addition to this inspired selection, this SMSF investor also has holdings in popular shares that have been staples of most SMSF portfolio's, like ANZ, CBA, MQG (Macquarie Group), NAB & Santos. Over time, these shares have been continually purchased either through dividend reinvestment schemes or by cash reserves when the investor saw great value (temporary periods of lower valuation).

This portfolio also has further diversification with a large investment in a private company. Whilst private companies can add significant risk to portfolio's, private companies have the ability to exponentially grow the original investment.

Most Popular Investments (\$) Value*

1. Bank (Cash)
2. CBA (Commonwealth Bank of Aus)
3. NAB (National Australia Bank)
4. ANZ (Australia New Zealand Bank)
5. WBC (Westpac Bank Corporation)
6. CSL (CSL Limited)
7. WES (Wesfarmers Limited)
8. BHP (BHP Limited)
9. MQG (Macquarie Group Limited)
10. TLS (Telstra Corporation Limited)
11. WOW (Woolworths Group Limited)
12. WPL (Woodside Petroleum LTD)
13. IOO (Ishares Global 100 ETF)
14. RIO (Rio Tinto Limited)
15. VAS (Vanguard AUS Shares Index)
16. MGE0001AU (Magellan Global)
17. SFY (SPDR S&P/ASX 50 ETF)
18. VAN0108AU (Vanguard Balanced)
19. MFG (Magellan Financial Group)
20. VAF (Vanguard Australian Fixed Int)

*Source Supervision clients (accounting software report) Oct 2019

Client Insights TOP 20

Get Started

SMSF INVESTMENT CASE STUDIES

In the investors example, the original investment has increased by 520%. Overall the strategy of using personal knowledge and selecting investments both on income and capital growth has served this investor well.

Investment in Multiple Properties Case Study 2

This SMSF investor has invested into 4 direct properties. They were purchased in 2009, 2013, 2015 & 2017. On average these properties cost \$169,000. The properties are short term accommodation assets located in a central city location. The sole member of this SMSF has been retired for some time and is currently drawing down a pension in their SMSF. The combined income that these properties generated last financial year is \$57,000. Added to interest received from cash deposits, this investor is able to fund pension requirements each year with this recurring income. The security of bricks and mortar gives this investor peace of mind in retirement. An investment strategy like this meets income requirements and also the risk tolerance of the client who worried about share market corrections and quick erosion of capital.

Whilst these investments are meeting their revenue target, the investor does not need to realise any capital growth, nor worry about adding additional diversification to a portfolio which is essentially cash and 4 properties.

As the investor/member needs more cash for living expenses, one or more of the properties can be sold down to create more cash for lump sum draw downs. Alternatively, if the member wants to change direction and can sell down assets, they will have the cash to invest in other income bearing investments.

Using Business Real Property to Transition to Retirement.

SMSFs can invest in a property that the member uses for their own business premises. Many Supervision clients are already using this strategy and some of them are in accumulation phase (still working) while others have already retired.

Pre Transition - Working

Case Study 3

This SMSF investor is currently using their business premises to help them save for retirement. They purchased the premises back in 2013. The investors have used borrowing to be able to afford the property. Since then the SMSF has received rental income of \$180,000 per year from the investors related business. As the lease is at arms length, after repayments are made on that property, the SMSF is building its value year on year. Over time the investor is banking on the capital growth of the property to be significantly higher than the current market value.

When the members of the SMSF are looking to retire from the business, they will be able to choose to sell the asset to realise the cash back into their SMSF, or continue to hold the investment and use the rental income to pay their pensions.

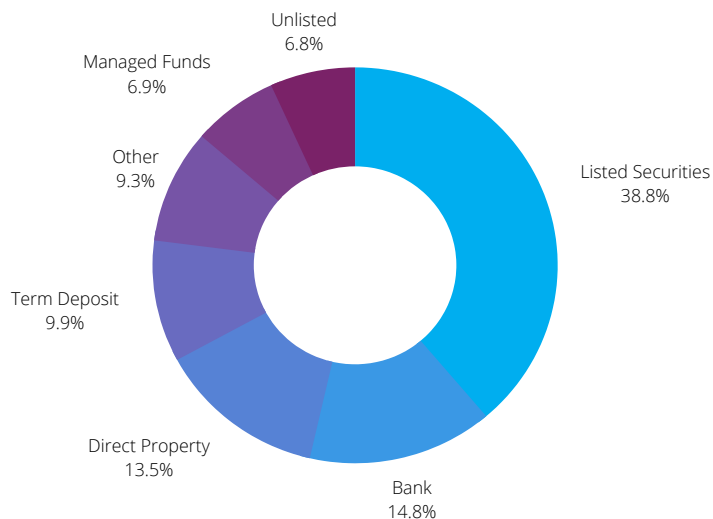
Post Transition - Retired

Case Study 4

This SMSF investor bought a surgery in their SMSF name when they were practising medicine. Whilst practising the business they rented the premises from the related SMSF.

Over time as the Doctor pushed towards retirement, he was able to bring in another Doctor into the practice to take over the rent on the property.

Top 7 Asset Classes \$Value*



*Source Supervision clients (Accounting software report) Oct 2019

After handing over the lease for the business premises to the younger Doctor, the retired Doctor was able to receive passive income as the landlord. As the rental income was very reasonable, the retired Doctor also has an asset which is able to grow in capital value also. At the moment there is no requirement for the asset to be sold. Other investments are helping the Doctor to hold on to the asset for the right time to sell.

You don't have to be a Doctor to get the maximum benefit out of your business premises. Any small/medium business owner who is currently paying rent to a stranger, can become their own landlord, building a nest egg for their eventual retirement.

What is the "Right" STRATEGY?

There are so many SMSF investing options available, so it is important to find the strategy that suits you.

Engineering Business- Helping to grow overall wealth with SMSF.

Case Study 5

One client who owned his engineering business premise in his family trust sought advice about how to increase his retirement savings. At the time, property prices were stagnant but the business owner knew that prices would increase into the future. In order to get more money into Super and also to remove the cost of repayments that he was personally paying, the owner decided to use his Super to buy the business premises.

As one of two scenarios where your SMSF can purchase from the member (the other is listed shares), the business real property was purchased by the SMSF releasing the business owner from personal debt. The business entered into a lease agreement with the SMSF to make rental payments which is used to put cash back into Superannuation for the business owner. That cash can be used to purchase other assets which build the members retirement savings.

The long term plan for this business owner is to sell the business premises after his business is sold and he has retired. At that time if a large profit is made by the SMSF, it is possible that there will be zero tax paid on the sale, leaving more in retirement.

Unlisted Assets - Property Trust

Case Study 6

Investing into unlisted assets is becoming increasingly difficult with compliance requirements being increased each year. If you are able to meet compliance requirements however, unlisted assets can deliver awesome income returns and great capital growth.

In a large diversified SMSF investment portfolio, unlisted assets (like a property trust) have given one SMSF investor a big kick along. An investment of \$164,000 is currently paying income of \$15,314 per annum or 9.33% return on investment.

As the investor has a very good understanding of the underlying property asset which is the central asset of the trust, the SMSF investor can monitor lease agreements and expenses of the trust. As a small holder of a large trust the investment is used to diversify a share portfolio and cash deposits which are returning low rates of interest.

Gold & Precious Metals

Case Study 7

What happens when you worry about where the economy is heading and want to invest into gold and precious metals like silver? SMSF's are able to buy these assets. One SMSF investor has purchased silver and gold from a reputable dealer. The dealer stores the assets for the investor in a safe place. Each year the investor can receive a valuation on the multiple assets and if required sell or top up investments depending on the investment strategy of the SMSF.

General Warning & Disclaimer

This publication should not be viewed as advice on establishing or investing in an SMSF. Whilst the above scenario's are real, no one can guarantee investment returns. All of the above strategies involve risk. Loss of capital, income and growth can be the result of all of the above case studies. The trick is to understand your risk tolerance, compile and execute a comprehensive investment strategy which suits your needs. We always advocate that you seek written advice from a licenced Financial Adviser. If you don't have one, we can help.

What is the "Right" STRATEGY?

There are so many SMSF investing options available, so it is important to find the strategy that suits you.

Packages

All Packages Include the following services:

Establishment

- Corporate Trustee Establishment
- Face to Face induction meeting
- Help with Roll Overs
- Establishment of Bank Account, Share Trading Platform, Term Deposit Platform
- Trust Deeds
- SMSF registration with the ATO
- ASIC registered Agent

Ongoing

- Audit
- Tax Return
- Financial Statements
- Online Portfolio - updated daily
 - Banking Transaction
 - Contribution Limits & Totals
 - Pension Minimums & Totals
 - Investment performance & KPI comparisons
 - Asset Allocation
 - Updated Share prices
 - Income & Franking Credit reports
- Electronic Signing - Annual Tax Pack
- Telephone Support
- Email Support
- Corporate Secretarial
- Annual SMSF Review Meeting

Take Control Package

This package is ideal for SMSF's that want to purchase listed securities available on our preferred online share broker - CMC Markets. This package also allows you to purchase Term Deposits through AMM term deposit platform which is linked to our preferred Bank account provider. Regardless of how big your portfolio gets, you can reap the benefits of this amazing package price.

More Flexibility Package

This package includes all of the same features as the Take Control package but allows your SMSF to hold one direct property even with borrowing.

Total Peace of Mind Package

As the name suggests, this package allows you to use your own brokers and multiple bank accounts. This package opens up all unlisted assets for your SMSF.

Client of a Financial Adviser?

We work closely with financial advisers. We may be able to tailor a special package with your adviser, so please don't hesitate to contact us for more details on how we can help you.

Why SMSF with SUPERVISION?

Our Packages are a great way to fix your annual fees with no hidden surprises at years end. Our efficient monthly billing service smooths out any cash flow problems that are caused by large annual invoices.

Packages

Investment Options:

	Take Control	More Flexibility	Total Peace of Mind
Cash	ANZ V2 Plus Account	ANZ V2 Plus Account	Your Choice
Term Deposits	AMM Term Deposit Platform	AMM Term Deposit Platform	Your Choice
ASX Listed Securities	CMC Markets	CMC Markets	Your Choice
Price Per Trade	\$26.00 OR 0.15% whichever is higher	\$26.00 OR 0.15% whichever is higher	Your choice of Broker and your fee selection
Bonds	CMC Markets	CMC Markets	Your Choice
Managed Funds	CMC Markets	CMC Markets	Your Choice
Real Estate		✓	✓
Wrap Accounts		Data Fed Accounts Only	✓
Foreign Exchange (FX)			✓
Private Companies or Private Trust			✓
Overseas Property			✓
Collectables			✓
Physical Metals			✓

Why SMSF with SUPERVISION?

Our Packages are a great way to fix your annual fees with no hidden surprises at years end. Our efficient monthly billing service smooths out any cash flow problems that are caused by large annual invoices.

Lets Get Started

WWW.SUPERVISION.COM.AU, <hover over "SMSF">, <"SMSF Setup: Get Started"> **or** <"Transfer Existing SMSF">

Checklist	Online Application
	Please Read our Terms & Conditions
	Please Read our Product Disclosure Statement
	<p>Be Ready to Provide:</p> <ul style="list-style-type: none"> • Personal Tax File Numbers • Drivers Licence Details (ID Requirements) • Members Date of Birth, Place of Birth (Country & Town) • Members Maiden Names (ID Requirements) • Members Occupations • Decide on a postal address for the SMSF • Members Contact Details • Roll Over Details - Name of Fund and Member Number/s
	If you are transferring from another firm, Supervision will contact your previous administrator or accountant for you. As all SMSF's are different, Supervision will contact you on your immediate requirements for lodgement and online access.

Why SMSF with SUPERVISION?

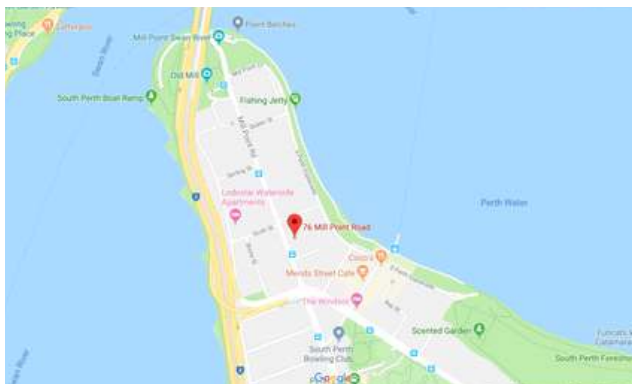
Supervision make it easy to create and maintain your SMSF through our online services.

Supervision GROUP

Apply Online Today or Call

1300 693 863

Proud Technology Partners of |



Contact Us

**Level 2, 76 Mill Point Road
South Perth WA 6151**

Phone 08 9367 9655

Postal Address

PO Box 879, South Perth, WA, 6951

New Enquiries

**chris@supervision.com.au
Info@supervision.com.au**

Disclaimer

All the information provided in this marketing material does not consider any of your investment objectives, financial situation or needs and should not be in any way considered as financial advice. SUPERVISION does not provide financial product advice or recommend any financial products or whether you should establish as SMSF. this applies equally to those financial products which are established for any entity or when you become a client of SUPERVISION. We also recommend the you seek professional advice from a licensed financial adviser before making any decision to establish an SMSF or purchase any financial product referred to on our website. Please refer to our important documents on our website to give you more information about any financial arrangements that we may have with our product suppliers. While the sources for the material are considered reliable, responsibility is not accepted for any inaccuracies, errors or omission. Supervision SMSF Solutions (ACN 134 666 596)
© Copyright Supervision Group Oct 2019