



4 EASIEST WAYS TO INCREASE YOUR

SMSF RETURNS



MAR 2024

Super**vision**
GROUP

Increase your SMSF's Returns

WITHOUT CHANGING INVESTMENTS

Sometimes the market will not allow you to increase your SMSF returns without taking unbearable risk **OR** you have an investment strategy that may take time to change. Below are things that you can do to increase returns without changing the underlying assets in your SMSF portfolio.

1. Reduce Compliance Costs
2. Increase your Level of Engagement
3. Monitor and Review your Investment Returns
4. Understand your Compliance Obligations

Reducing Compliance Costs

How much should you pay for your SMSF's financials and tax return to be completed each year?

You may think that the \$ value of your SMSF will dictate the amount of fees you pay each year. Whilst the dollar value of your SMSF may indicate a large number of transactions and increased complexity, being bigger should not necessarily make your SMSF more expensive. Conversely, a smaller SMSF does not reduce the costs. The following factors dictate how efficient an accountant can be with your SMSF each year.

A reduction in your accounting and administration fees over the medium or longer term will add up, especially if the savings are invested in growth assets.

Data Feeds

If your accountant does not use data feeds for SMSF bank accounts, share trading accounts and term deposit platforms, you will be paying for highly trained accountants to enter data manually into accounting software. Data feeds save countless hours and allow for your SMSF accounts to be updated on an ongoing basis. If you do not have data feeds in place, you will be paying higher fees. Choosing banks, online brokers and managed portfolio providers that have invested in SMSF data feeds should be a priority when you sign on.

Accounting Software

If the software they are using is not the most efficient software on the market, guess what? Those inefficiencies will appear on your annual invoice. There are only so many hours in the day that can be invoiced by your accountant and if they spend it creating journals and entries that could have been automated, it will end up in annual invoice.



Making SMSF's
EASIER

Comparing SMSF business to last year*

1. SMSF Total Value up \$48 Million to \$342 Million.
2. SMSF Average Value up \$87,000 to \$637,000.
3. SMSF Average Cash up \$32,000 to \$82,000.
4. SMSF allocation to cash up \$18 Million to \$44 Million.
5. SMSF Largest \$ Value \$15 Million up \$3 Million.

*Source Supervision (accounting software report) comparing Dec 2023 & Dec 2024 client data.

Accounting Software Data**

1. SMSF Average value \$1,563,729.
2. SMSF Average Member Value \$841,821

**Source Class Super Benchmark Report June 2019

Client Insights

Reducing Compliance Costs continued.

Please ask your existing accounting if they are using purpose built SMSF accounting software and insist on cloud software which is backed by the biggest data storage providers in the country. Leaving all of your SMSF records on a computer server in the back room of your Accountant may be exposing you to risks that will only become apparent when it's too late.

Annual Vs Monthly Billing

If your billing is annual, it's a good chance that extra margin is added to your invoice to cover the expense of recovering your annual fee. Streamlined invoicing has a big impact on the costs that you will be able to achieve. Not only does an invoice have to be created but following up the payment and reconciling it increases the time it takes to complete the task. There are systems that can complete the whole process and automatically reconciled against your invoice. You wouldn't want to be paying more for your compliance just because other clients are not paying their fees on time. It is not unusual for some accounting firms to pay third parties to pay large fees to recover invoices that their clients are not paying.

Posting & Printing

If you are not signing your SMSF tax return and financials electronically, then the costs of printing, collating, posting, following up and scanning at your Accountants office are all added to your invoice each year. Whilst you may think that paper adds value, a slight adjustment to your thinking could save you significant dollars. Signing electronically is not only cheaper and quicker for you, but it also is more secure than papers stuffed in your letterbox.

Overseas Processing

Outsourcing the most menial of accounting processing can shave thousands off the price of your SMSF accounting each year. Most large accounting firms in Australia use outsourced offices with Australian trained staff to reduce the cost to the end consumer. The standard of work carried out is overseen by Australian team, leaving them to provide greater value to their clients. The reduction in costs should be reflected in lower fees to your SMSF. You may be surprised to find out that the office environment and security levels are greater in some overseas jurisdictions than in your local accounting office.

Number of SMSF clients

If your accountant completes less than 100 SMSF's, you may pay more because small numbers do not provide scale to reduce costs. Negotiating a fee for Auditors, Actuarial Certificates, Trust Deeds, Legal Documents, Software, Data Storage is easier and cheaper if you have a sizeable number of SMSF's to process.

Smaller providers are in the market with larger providers and their business just does not have the purchasing power to compete with them. It may also force some smaller providers to cut corners with compliance which exposes you to ATO issues.

Increase your Level of Engagement

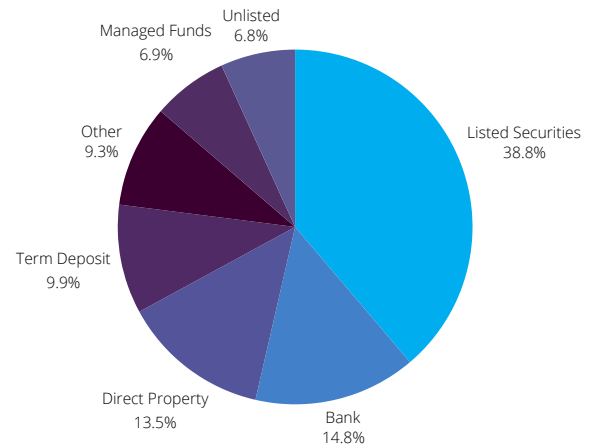
“You get what you put in” is a proven statement in SMSF’s. A healthy level of engagement is essential to be able to make decisions based on the facts of your SMSF. If you only look at your SMSF performance once a year at tax time, it is difficult to understand the flows and fluctuations of the market during the year and make adjustments that may increase your investment performance? Being engaged however does not mean overreacting to the news or what you heard at last Sunday’s BBQ.

Engagement is growing personal confidence based on the real status of your SMSF and being able to play out your investment strategy with a longer-term view.

Investment returns are not the only metric you should be monitoring, you need to be aware of contribution limits, pension requirements and non-realised capital gains calculations and how they interact to give you the best return. Insurance is important to make sure that you are covered for life’s emergencies. You need to regularly evaluate if you need to be covered and if the coverage that you already have in place is required.

The most successful SMSF’s are vigilant but always have a longer-term view and invest in quality assets. Many if not all of the biggest and highest growth SMSF’s have investments that have not worked. The biggest had the ability to make sure they had other growth options in the case of some failures.

Top 7 Asset Classes \$Value*



*Source Supervision clients (Accounting software report) Oct 2019

Contributions

Knowing what is possible to put into Superannuation each year is extremely important. Awesome financial advisers give their client guidance around contributing to Superannuation. Knowing the impact of increased contributions has on your personal tax and also the long-term performance of your SMSF is extremely important to know.

Pensions

Tracking your pensions and knowing how much you need to meet your pension minimums each year will provide you with certainty about your spending requirements if you are in pension phase. Having a vague idea of what you are spending is not going to help you budget. Reducing overspending will keep your SMSF balance as high as possible for as long as possible, reducing the need to sell down income generating assets earlier.

Lifting your level of
ENGAGEMENT

Having a healthy level of engagement is a huge factor in achieving better results.

Capital Gains Calculations

Many SMSF Trustees rely on their online share trading account to give them an indication of their capital gains on particular share holdings. Basing your decisions on share trading platform cost base may not be 100% correct. When you check the cost base of your shares from your accountant and compare it to your online share trading account you will probably see discrepancies, especially if you have bought and sold various parcels of the same shares over time.

That discrepancy is the difference between the sale of shares at an average cost (online share trading platform) and the sale of the most tax effective parcels (Official Accounting Method).

You may be unaware of the difference because you have not read your annual capital gains report each year and compared it to what you regard as a gain on the sale of an investment. Accountant's should be using the "most tax effective" method so that your tax is minimised. Having the correct amount of capital gains information in front of you will help you make better sales decisions.

Insurance

Your investment strategy should require you to evaluate your requirement for insurance at least annually. You could be paying too much for cover that you don't actually need, so don't hesitate to contact your financial adviser or your insurance company directly to ask what options are available to you.

Monitor and Review your Investment Returns

Do you look at your investment returns in your SMSF in isolation or do you have some guidance as to how well your SMSF has performed? Are you confused about how much your members balance increase was due to investment performance and how much was due to your contributions?

Benchmarks & Guides

If your SMSF has a performance report, would you know if the underlying percentage gain or fall was above or below certain benchmarks? Whilst knowing the underlying performance figure of your SMSF is fantastic, comparison with various benchmarks can help you make better decisions.

If your investment return was 6% in the year, you may feel very disappointed. If, however the ASX top 50 shares delivered 3% in the same period of time, you may view your return differently. If you did not have a benchmark applied to your performance, you may make a rash decision to sell your investments even though they had outperformed the ASX top 50 shares. Perspective is an important part of investment psychology. Viewing one factor in isolation can be dangerous.

Alternatively, if you made 12% but the market had climbed 18% in the same time-frame, it may encourage you to work a little harder and push for better returns. You may need to look at re balancing your portfolio to provide more exposure to investment types that had delivered greater returns.

The decision is yours to make, make it after you have the data in front of you.

Income Yields

Knowing how much an investment will pay out as a dividend or distribution as a percentage of its value is extremely useful. Whilst people debate income vs growth, depending on your liquid cash requirements, you may want to keep a share longer just because of its capacity to pay high dividends, knowing that the investment will deliver capital growth over the longer term.

What is the "Right" STRATEGY?

Having transparency over investment returns and bench marking can keep you in the right investment mindset.

If you have the ability to track yield (the percentage of the investments assets that is paid out in dividends and distributions) then you will be able to be fully informed on the particular asset on all facets of its performance rather than just capital growth alone. Income forms part of your overall investment return on an investment.

Individual Asset Performance

Individual assets should be monitored to make sure good decisions can be made. One or two poorly performing assets can have a large impact on overall returns.

Monitor Investment Expenses

It is normal to pay fees to outsource some or all of your SMSF investment decisions. Being able to monitor your investment costs at least once a year will improve your overall understanding of what your investments actually cost your SMSF. Direct ownership of assets will be cheaper than platform's managed by third parties.

Understand your Compliance Obligations

Whilst compliance is boring and you may think immaterial to performance, nothing hurts an SMSF bottom line more than being fined or charged late fees for decisions under your control.

Audit Contraventions

If your SMSF has an Audit contravention and it is not fixed up, you could end up getting fined by the ATO for your transgressions. Sometimes it may be a missing document or not separating your personal affairs from your SMSF properly. These things matter to the ATO, they are important. Paying fines can seriously damage your SMSF investment returns.

Late ASIC Registrations

Corporate Trustees are now more prevalent than in years past. If you have corporate trustee, not paying your ASIC renewal fee, will result in you paying fines for late lodgement. ASIC don't really care what your excuse is, if its late you will be fined.

Excess Contribution Tax

Making an unplanned excess contribution can also eat into your SMSF return for the year. Your SMSF contributions can be calculated on an ongoing basis with the proper connections to a Superstream compliant ESA code. If you could monitor your SMSF contributions easily, then you would be able to organise your affairs in such a way that you will stay within the limits.

Tax Returns & Refunds

It is extremely frustrating to have to wait for a tax refund from the ATO. Getting your tax return Audited and lodged should be your number one priority if you are to receive a refund. The refund, no matter how small can be reinvested in income producing assets for longer, leading to larger returns over the lifetime of your SMSF.

How hard is it to move?

It is easy to move your SMSF accounting and administration service. One application form is all that is required to make vast improvements to how your SMSF is administered. Book a meeting to discuss or complete our online application form.

General Warning & Disclaimer

This publication should not be viewed as advice on establishing, maintaining or investing within an SMSF. This paper is designed to inform the reader of issues that they may not necessarily think are important when it comes to SMSF accounting and administration process. Supervision always recommends that readers of our publications seek professional financial advice if they are thinking of taking action on any of the strategies that we have put forward in this paper.

Don't
Underestimate
COMPLIANCE

Compliance may sound boring but its vital to make sure that your SMSF can continue to function and receive its tax refund on time.

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 low cost solution.

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. You are also able to hold a Wrap Account as long as has a compatible data feed.

Total Peace of Mind Package

As the name suggests, this package opens up the whole world of investment solutions and asset class available in SMSF's. You can also choose your own providers and platforms that you want to use.

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	ANZ V2 Plus	Your Choice
Term Deposits	AMM Term Deposit	AMM Term Deposit	Your Choice
ASX Listed Securities	CMC Markets	CMC Markets	CMC Markets
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 other Important Documents & Disclosures
	<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
	<p>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.</p>

Why SMSF with SUPERVISION?

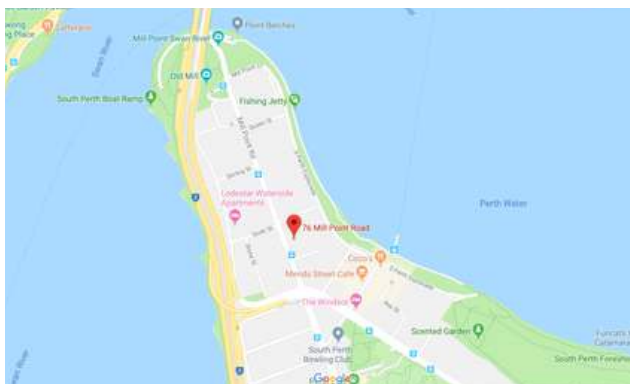
Supervision make it easy to create and maintain your SMSF through our online services.

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