

smartsuper Frequently Asked Questions



Investments purchased pre 11 August, 1999

New Borrowings in a Unit Trust

Q. If the super fund holds units in a trust which it bought pre 11 August 1999 can the trust borrow more money?

A. Yes. *"The SISA only applies to the regulation of superannuation funds and not as in this case, to related unit trusts. Providing the original investment by the SMSF in the related trust was made prior to 11 August 1999, the SMSF has not contravened the SISA. Whatever borrowings the related unit trust then undertakes, whether before or after 11 August 1999, do not fall within the scope of the SISA, therefore there can be no contravention"* [response from ATO].

Can I continue to hold in the super fund a holiday house which is rented most of the year but used a few weeks a year by the member or a related party?

Yes, provided rental is paid at an arm length basis at market rates.

Can I continue to hold our family home in the super fund?

Yes, provided rental is paid at an arm length basis at market rates under a signed lease agreement.

Can I continue to hold assets which super funds are now not allowed to hold?

In general yes, provided the investments were previously allowed and the ongoing dealings are at arms length eg rental is paid at an arm length basis at market rates under a signed lease agreement. Because of the wide range of possible investments you should always check with your financial adviser whether your specific investment is permitted or not and under what circumstances.