

Do I need to have a corporate trustee for my SMSF?

Many clients wonder if they should have a corporate trustee for their self-managed superannuation fund (SMSF).

Generally the reason why clients might not have a corporate trustee is because they want to avoid the cost of setting up a company (which is usually around \$720). However, there are a number of benefits of having a corporate trustee - and it might even end up saving you money down the track.

Provided the sole purpose of the company is to act as the trustee of a superannuation fund, there is a reduced annual fee with ASIC of \$41.

Some of the benefits of having the corporate trustee are:

1. It is clear that the interests of the superannuation fund are separate to the individual members because the legal title to the assets is held by the company.

Having a company as trustee can help if there is a claim against the individuals because it is easier to prove that the assets are held on trust for the superannuation fund.

This can be particularly useful in states like New South Wales where you cannot disclose a trust on the title to land.

2. For administrative efficiency, if there is a sole member fund they can also be the sole director. This means there is no need for a second person to sign all documents (like annual financial statements), and can significantly reduce issues in your estate planning.

3. Having a corporate trustee allows a smoother transition on the death of a trustee or member (or any other change of trustee). If there are individual trustees, on the death or retirement of a trustee, you need to prepare documentation for the change of trustee and transfer all assets of the fund to the new trustees.

This often involves lawyer's fees in drafting the documents and registration fees to transfer the assets of the fund to the new trustees. With significant share investments, this can be a very time consuming process.

If instead there is a corporate trustee, there is no need to change title to the assets but only the directors of the company have to change.