

Trustee Obligations

When you become an individual trustee or a director of a corporate trustee of a SMSF, you take on a number of obligations. You must comply with the rules set out in the trust deed of your SMSF.

You must also comply with the minimum requirements set out in the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and *Superannuation Industry (Supervision) Regulations 1994* and include these requirements in your SMSF's trust deed.

The SIS Act requires you to:

- Act honestly
- Exercise care, skill and diligence in managing the fund
- Act in the best interest of all fund beneficiaries
- Keep the money and assets of the fund separate from other assets (such as the trustees' personal or business assets)
- Retain control over the fund
- Develop and implement an investment strategy and
- Allow members access to information about the fund

In addition to these general requirements, there are specific requirements as well. You must:

1) Comply With The Sole Purpose Test

The 'sole purpose test' requires super funds to be maintained for the single purpose of providing its members with retirement benefits. There are also some other approved purposes.

2) Have An Investment Strategy

Trustees must develop, implement and regularly review an investment strategy. A written strategy document will make it much easier to demonstrate to your auditor and the ATO that you have considered the relevant investment issues.

3) Know What Member Contributions Can Be Accepted

Before you can accept a contribution from a member, you must determine their eligibility to make a contribution. Eligibility generally depends on the member's age, their employment status and the type of contribution to be made. Trustees are required to allocate super contributions to members' accounts within 28 days after the end of the month in which they were received.

4) Know The Rules For Paying Benefits

Benefits can generally be paid as a lump sum or as an income stream.

The only compulsory benefit payment is in the event of the death of a member. The payment of all other benefits is voluntary, meaning payment is at the member's discretion subject to a 'condition of release' being met.

5) Properly Administer Your SMSF

Trustees have several administrative responsibilities, including:

- keeping accurate records
- arranging an annual return for the SMSF
- valuing assets at market value
- advising the ATO of any changes in details