Self Managed Super Funds
A Good result for Do-it-Yourselfers!

A summary and commentary on the Cooper Review's report into

Self Managed Super Funds

Prepared by Allen Cummings, 4 May 2010

Key recommendations

The key preliminary recommendations include:

1. prohibiting investment in collectables and personal-use assets (such as artworks, wine collections, exotic cars and yachts);

2. strengthening the competence and independence of approved auditors;

3. an online SMSF resource centre to help SMSF trustees build skills and make better decisions;

4. making the ATO's penalty regime more flexible to enable more effective and equitable regulation;

5. tightening the SMSF registration process, including the introduction of member identity requirements, to reduce instances of fraud and illegal early release schemes; and

6. Reducing the potential to benefit illegally from related party transactions by prohibiting the acquisition of in-house assets and imposing restrictions on the way in which an SMSF can transact with related parties.

Other recommendations include giving the Tax Office powers to force trustees to keep the fund's finances separate from those of related parties, a sliding scale of penalties that the Tax Office could use for infringements, higher standards for advisers and other service providers, and more educational resources for trustees.

In Summary

Some members will be unhappy with some of the recommendations but the outcome for do-it-yourselfers is largely positive. Cooper has eschewed calls to dictate who should run their own fund or to be overly proscriptive in how they should go about it. The reforms will help self-managed funds grow, not strangle them.

If you have any comments or would like further information then you can contact me on allencummings@bigpond.com

ABOUT ALLEN CUMMINGS

Allen Cummings is a qualified accountant BBus, AASA with a total of 30 years experience. He has been employed with large companies such as Australian Paper Ltd, Greater Pacific Life and government bodies such as Brisbane City Council and Queensland Government.

Allen has also had 10 years experience working as an independent contractor and understands the taxation and superannuation needs of independent contractors.

Allen is a trustee and has managed his own SMSF for 12 years.

Detailed summary and commentary

On Thursday, 29th April 2010, the Super System Review released its' preliminary report *Self-Managed Super Solutions'.* The report sets out the Panel's preliminary recommendations on self-managed superannuation funds (**SMSFs**). Ultimately, the final recommendations will be made directly to the Government.

In releasing the report, Review Chair, Jeremy Cooper, said: "Whichever way we look at it, SMSFs are here to stay, but we want them to focus more on investing for retirement savings, rather than related party transactions, collectables and leverage. Most SMSFs already do this so the vast majority of SMSFs will not be affected by these particular proposals. We think this will be treated as good news in the SMSF sector."

Cooper said "Our preliminary recommendations are designed to improve the safety and integrity of SMSFs, while continuing to allow a high degree of selfdetermination and flexibility for trustees taking responsibility for their own retirement outcomes."

The Cooper review is a definite win for do-it-yourself investors…. But there are some important changes. Your SMSF needs to be run more professionally so that SMSF trustees can justify the considerable tax concessions afforded to them.

SMSFs have become big business in recent years. There are now more than 410,000 funds in existence, with average assets of $858,000. SMSFs represent the largest segment of the super industry and have been growing by about 20 per cent a year.

Self-managed funds aren't for everyone. However, they have attracted a strong following from self-motivated investors who want to control their own retirement savings.

The Cooper Review preliminary report starts off with ten “warm and fuzzy” principles it believes should underpin the regulation of SMSFs. They believe that these principles should be the basis on which all future policy is made.

The guiding principles are outlined below and I have added some commentary:

Principle #1: SMSF trustees will have ultimate responsibility for their fund.

The Panel supports the view that trustees keep total control of their SMSFs. It does not propose that third party custodians take control of your SMSF assets. The Panel believes that it is important that SMSFs be genuinely self directed and self sufficient.

This is very good because at the beginning of the Review, there was a real risk of a hostile takeover of SMSFs by retail & industry funds. There were justifiable fears that the Review would recommend death by over-regulation. Vested interests such as public super funds and fund managers painted a picture of an industry where retirement savings were in jeopardy.

Critics painted SMSFs as an area where unsophisticated investors were pushed to set up funds by unscrupulous advisers. They argued that investors lacked the assets needed to justify the costs and the interest or ability to run the fund.

Proposals to fix the ''problems'' included everything from requiring trustees to meet minimum education standards and be licensed; to the use of professional custodians to hold fund assets; to limits on fund sizes and investment strategies. All these "solutions" were aimed at removing control from fund members and putting it back in the hands of the very professionals many do-it-yourselfers had explicitly rejected.

Thankfully, sanity has prevailed. While the Review's recommendations target some of the problem areas where self-managed funds continue to breach the rules, it is largely supportive of the idea that investors should have the right to look after their own retirement savings if they want to.

Principle #2: SMSF trustees will be free from intervention

To date, you as the trustee of a SMSF have had to spend a considerable amount of your time focussing on fund compliance. Now, this introduction of principle you can focus more on building retirement savings through sound investment strategies.

For example, trustees are required to keep a written investment strategy and minute every decision that you make. For example, if you buy shares in BHP, strictly speaking you have to have to document your decision as to why you purchased the shares. Similarly you have to document investment decisions when selling the shares. The ATO was not really interested in the reasons for your decisions. The only issue they were concerned about was… that the decisions were fully documented.

The Panel believes that SMSF trustees should not be burdened with unnecessary bureaucratic "red tape". For example, you won't be told how when or where to invest your money…And you won't have to document and justify any of your decisions.

Again this is good news because powerful vested interests were pushing for more documentation, more "red tape". To their credit, the Panel has resolutely rejected this agenda.

Principle #3: SMSFs should only have "light touch" regulation

The Panel believes that all superannuation funds, including SMSFs, benefit from valuable tax concessions which are designed to help members to save for their retirement. In addition, if your SMSF fails, you can always fall back on the government pension. The Panel believes that this justifies *some* intervention in the way SMSFs are managed. Yes, I can accept that.

The Panel also believes that the community also has a right to a certain level of information about your SMSF. You will be asked to supply some information which can be used in statistical reports published by the ATO. Sorry, I am yet to be convinced on this point!

The Panel recommends "light touch" legislative intervention. This means that the Acts that govern SMSFs will be simplified and much of the administrative paperwork will be either eliminated or simplified. The Panel believes that you will no longer be required to prove to yourself as a member, that you as the trustee are not ripping yourself off!

Don't get too excited! The problem I have with principle is that I have been a public servant before, and I know how they think. They work on the principle "more is always good" and "less is always bad". On the hand, you work on the basis that you should operate efficiently and effectively. If a task doesn't benefit to your core business, then don't do it.

Governments have long promised to cut red tape but few have ever delivered. As far as I can see, the jury is out on this and I'll believe it when I see it….

Principle #4: SMSF trustees can use service providers

As trustee, you are not required to use service providers to run your SMSF. If you are capable of performing fund administration, investing, accounting & taxation…. then you can do it yourself. In doing so, you can greatly reduce administration costs and still comply with the law.

However, only a small number of trustees fall into this category. They are usually professionals like accountants, bookkeepers or financial planners who manage their own SMSF. The Panel believes that these trustees should not be forced to use service providers when there is no need to do so. I agree with that.

Most trustees choose to use a range of SMSF service providers i.e. accountants, financial planners, fund administrators etc. This means that the service provider's competence is critical to your SMSF meeting its compliance requirements.

As trustee of a SMSF, you are currently held solely responsible by the ATO for the operation of your fund. You cannot rely on the defense that you have been given poor advice or that significant errors were made by service providers. Further, the ATO currently does not hold service providers responsible for the advice they give to trustees. Effectively, this means that the trustee has to expert in everything because they are solely responsible for the operation of the SMSF.

The reality is that not all service providers act in the best interests of the client. For example, the financial planning industry has for long time, had an inbuilt conflict of interests. The financial planners often received secret commissions for business generated. They chose the investment strategy which would give them the best commissions. Some financial planners like Storm Financial, have given poor investment advice to clients, resulting in investors losing their life savings. SMSF trustees lost significant assets by investing in poorly performing managed investment plans e.g. Southern Plantations. The government is taking separate action to force financial planners to put the client's interests first and to only operate on a fee-for-service basis.

The Public Accounting is not as bad. However, while Accountants give you due care, they can also hide behind their disclaimers. Here they can claim that they have only acted on the information that you have provided to them and that they are not responsible for any errors or omissions.

Further, SMSF audits are often performed by members of the same accounting firm. Some accounting firms have excellent internal controls but others do not. Smaller suburban firms may only perform a few audits a year and so are very inexperienced. Conflicts of interest can hide material errors in the preparation of the SMSF accounts. These errors may only be identified when the SMSF trustee changes to another service provider.

The accounting profession and the financial planning profession are self regulated. Here they impose standards of ethics, competency and continuing professional development. Members can be sanctioned for improper conduct. Financial planners need to be registered by ASIC and Tax Agents also need to be registered.

However, there is currently legal requirement for SMSF service providers to be registered. Anyone can call currently themselves a SMSF service provider.

The Cooper Review Panel believes that this situation needs to change. The Panel believes that service providers must act as "gate keepers" to the SMSF industry and must be held responsible for their advice to clients. The Panel believes that "Government policies should be directed at ensuring service providers maintain a high standard of competency and compliance as part of the overall regulatory framework. Where appropriate, licensing should be used to achieve this, but only in a way that demonstrably adds value to the sector."

Submissions to the panel consistently stated that it was not the level of trustee knowledge that needed to be increased. Rather it was the qualifications, competency and professional standards of SMSF service providers. The theme of raising service provider standards came from members, auditors, accountants, administrators and industry associations.

The Panel believes that the SMSF sector should be serviced by providers who are required to attain and maintain a minimum level of SMSF competency. Minimum standards would be aimed at greater consistency among service providers. SMSF service providers should be registered and regulated by a government agency. This would provide members with greater protection and reduce the risk of inappropriate advice.

There is only one requirement that all SMSFs must meet…your SMSF must be audited annually by a registered auditor. Current legislation requires that auditors must be professionally qualified and be licensed. The licensing registrar is empowered to set entry standards, conduct ongoing professional development and have the power to deregister auditors for misconduct.

The Panel recommends legislating full audit independence. This means that if a Service Provider Ltd is providing services to ABC Family Superannuation Fund or the trustees of that SMSF, then the service provider cannot provide audit services to the SMSF. The audit for ABC Family Superannuation Fund must be undertaken by another registered auditor. The panel recommends that auditor independence be made law.

In my opinion, this is a big win for the SMSF trustee. Attempts at self regulation by professional accounting bodies have failed because they do not have legislative force. Anybody can set up business and call themselves a SMSF service provider because standards have been set too low. These reforms for SMSF service providers and auditors are long overdue.

Principle #5 – Gatekeeper on establishment

SMSFs are not a viable option for everyone. SMSF trustees are responsible for the operation of their fund and some people are better off being a member of a retail or industry fund. If you do not have the level of funds, skills or time to invest in managing a SMSF, then it is wise not to start one.

A SMSFs sole purpose is to provide for members retirement. You should not start a fund just to reap the generous tax benefits. An influx of trustees seeking tax deductions could lead to serious public policy concerns for the sector. Such a development could see severe restrictions being placed on all SMSFs which would be unfair to existing members and the sector as a whole.

The Panel recognises that there are people who would be better off remaining in retail or industry funds. They also need to understand there is a need for a certain size of fund to make an SMSF cost competitive. The Panel has not reached a firm view on this but favours self assessment via an online module.

I do agree with the thrust of this principle. As an accountant with 30 years experience and 12 years running my own SMSF, I need to be able to perform a number of complex tasks i.e. accounting, taxation, investing, insurance, managing pensions etc. These tasks are managed daily, monthly and yearly. The point is that there is a cost & a significant time commitment in running a SMSF and you need to consider this before you start a fund.

Principle 6 — Consistent treatment with Retail & Industry Funds where appropriate

The Panel believes that the norm should be that all superannuation funds are treated in the same way. The same tax legislation, sole purpose and preservation rules should apply across all sectors. In fact, many of the rules for SMSFs are the same as the rules for retail and industry funds.

However, there is no escaping the fact that SMSFs are different from retail and industry funds. SMSFs are managing their own money (maximum 4 people), whereas retail and industry funds are managing many other peoples' money.

This is very good news. At the beginning of the Review, there was a real risk of a hostile takeover of SMSFs by retail funds. There were justifiable fears that it would recommend death by over-regulation. Vested interests such as public super funds and fund managers painted a picture of an industry where retirement savings were being put in jeopardy. They claimed that there had to be a level playing field. This concept has been completely rejected by the Panel.

Principle 7 — Recognition of special risks in an SMSF environment

Like Cooper's recommendations for the broader super industry, it wants self-managed funds to be more efficient and professional as to how they operate. All super funds receive valuable tax concessions and the review is mindful that these need to be well spent. Control remains firmly in the hands of fund members.

In return for recommendations of minimal intervention, Cooper has recommended a crackdown on areas where persistent problems occur. Most notable of these is the old ''it's my money, I can do what I like with it'' approach to managing the fund's assets. Typically, money is borrowed from the SMSF to prop up a failing business.

The review reports that 16 per cent of all contraventions of the regulations reported to the Tax Office concern related-party investments. In its recent research of 500 funds audited last year, Partners Superannuation Services found while breaches of the rules had dropped overall, almost half the breaches that did occur (44 per cent) involved funds making loans to members.

The second most common breach was exceeding the in-house assets rule, which currently restricts investments such as loans to businesses owned by the fund or by family members to 5 per cent of the fund's total assets. Such breaches have been a perennial item in both Super Partners' continuing research and the Tax Office's compliance crackdowns.

For its part, the Cooper review decided that while only a minority of funds holds such investments, the potential for abuse is too high. It wants the government to ban both related-party investments and in-house assets, although grandfathering provisions would apply for existing investments and funds would still be allowed to invest in business premises used by a related entity.

In a similar vein, it wants to crack down on purchases of assets from related parties. Instead of simply transferring assets such as shares into the super fund (where there is the potential to manipulate dates and prices), Cooper wants all transfers to be conducted through a proper market - such as the ASX. If no market exists, sales will need to be supported by an independent valuation from a registered valuer.

Exotic investments such as art, jewellery, antiques, stamp collections, wine, racehorses and cars also get the Cooper thumbs down, even though they may deliver decent returns. The review panel doesn't argue that they can be good investments, but if you want to own them it suggests you do so outside the concessionally taxed super system.

The Panel has not made any recommendations to change the rules regarding having real business property as part of your SMSF.

Basically the Cooper view is that self-managed funds should be focused on building retirement savings the traditional way, rather than dabbling in investments that might bring other benefits as well, or risking the fund's assets.

I agree with the views of the Panel. The main issue is not about valuation of physical assets but complying with the sole purpose test. In order to meet this test, trustees would not be able to use these physical assets for current day-to-day purposes. The trustees would have to put these physical assets in storage for future use in retirement. Storage of exotic investments such as art, jewellery, antiques, stamp collections, wine and cars, so that they could only be used for retirement purposes, would be difficult….But how do you store a horse for future retirement? This concept is ludicrous.

There is too much risk of compromising the sole purpose test when exotic assets are held.

Principle 8 — Leverage - "YES-ER-NO-ER-WAIT…."

The Panel has unfortunately given mixed messages in its views on leverage or borrowing by SMSFs. Instead of taking the opportunity to provide solutions to current issues, it has provided conflicting statements which will only add to the SMSFs trustees' confusion.

In principle 8 the Panel believes "that there is room for leverage in SMSFs… but it should not be a core focus for SMSFs." However, in the commentary the review panel also expressed grave doubts about recent changes allowing self-managed funds to borrow to invest through non-recourse warrant arrangements. It describes the changes, brought about under the Howard government in 2007, as ''inconsistent with Australia's retirement policy'' and prefers the original legislative view that funds shouldn't borrow as it places too much risk on members' retirement savings.

However, given that the Rudd government recently announced extra safeguards, it hasn't pushed for an immediate ban on borrowing. Instead it wants the situation reviewed in two years to ensure borrowing hasn't become, or isn't likely to become, a significant focus.

SMSF trustees need certainty in legislation so that they can make strategic investment decisions. The worst thing that can happen is continual changes to the rules that govern the SMSF environment.

At the moment the policy toward SMSF leverage could be summarized as "YES-ER-NO-WAIT- YES-ER-SORRY MATE…." Just like the Simon Katich/Shane Watson run-out debacle in the Boxing Day cricket test.

[Shane Watson is unhappy with teammate Simon Katich after a mix up denied Watson a maiden Test century when the opener was run out. Picture: Colleen Petch]

Here in Boxing Day cricket test match, both players end up stranded at the same end of the pitch with the umpires trying to work out which batsman was out. A clear call to run by the batsmen was all that was required. Instead one player was distracted and kept on changing his mind….

A clear call is desperately needed in the SMSF leverage debate, not more and more uncertainty! In the past, SMSF trustees have been given the green light to go ahead and invest using leverage, but now the authorities are undecided….And they won't make a final decision for at least two years.

Prior to 2007, SMSF trustees started investing in instalment warrants which had been available on the stock market for years. Warrants operate like a lay-by plan in the retail industry. You purchase a warrant with an initial instalment with a call option to make the completion payment at a future date. The original purchase is funded through an in-built loan provided by the issuer of the warrant. When the purchaser exercised the option and paid the completion payment they received the underlying shares from the issuer. This type of "call option" has been available to investors on the share market for long period of time.

This type of call option in the share market allows inbuilt leverage but does not require issuer or purchaser guarantees. The issuer (usually Banks) is obliged to deliver the underlying shares if the purchaser decides to effect the option.

In a bull market call options has proven to be a powerful leverage tool allowing the investor to buy more underling securities at today's prices and reap the benefits of increasing share prices. In a bear market, where prices are falling, the buyer risk is limited to the premium paid to purchase the instalment warrant (call option). On the other hand, the issuer (usually banks) has unlimited downside risks on this types of derivatives because they underwrite the issue. In my opinion, instalment warrants offer a very safe way for SMSF trustees to use leverage.

However, when translated to property warrants (i.e. investing in direct properties) there are additional complexities. Banks simply do not like non-recourse loans and will often require the trustees to give personal guarantees. While the giving of personal guarantees has not breached the requirements of section 67(4A), (see tax ruling TR2010/1), the use of guarantees has now introduced an issue that appears to be 'not in the spirit' of traditional instalment warrant arrangements. Quite simply, I believe that the banks have been 'too greedy' to protect their own interests and impose guarantees to allow for a greater level of leverage.

On 10 March 2010, the Assistant Treasurer, Senator Hon. Nick Sherry announced changes to clarify tax treatment of SMSF instalment warrant arrangements. In particular, he addressed the ATO concerns of capital gains tax (CGT) when the final instalment is paid and the asset is transferred to the fund. He confirmed CGT is not payable when the asset is transferred from the bare trust to the SMSF.

The Australian Government has also issued a proposals paper asking for industry consultation on various issues regarding the tax treatment of instalment warrants. Some of the questions being considered in this Proposals paper include:

- How to define an instalment warrant trust as separate to other trusts?
- How does the 'look through' treatment affect the obligations of the trustee?
- Does the trustee need to lodge a tax return and what is required to be reported to the beneficiary?
- Are there transitional issues that need addressing with respect to the use of instalment warrants?

The government for the first time appears to have introduced a notion of **"Traditional Instalment Warrant"** (TIW) vs. **"Non-Traditional Instalment Warrant"** (or sometimes called"**Property Warrants")**.

In my opinion, the features of "Property Warrants" that do not fit comfortably within the 'accepted' practice for the treatment of TIWs including financing arrangements that are not strictly loans; a more active role for the trustee in managing the asset; and little if any direct relationship between the trustee and investor.

I know that there is a government view that leverage inside superannuation is NOT a good thing. The Assistant Treasurer, Nick Sherry mentioned this at the 2009 SPAA conference. Cooper has made this fact clear in the preliminary report. Don't be surprised if property warrants are stopped by the government within two years with transitional arrangements applying. However, I don't believe there will be any future problem regarding the use of traditional instalment warrants.

The governments' and Australian Tax Office concern is about 'debt' mania inside super - over time increasing levels of leverage. More mainstream availability, cheaper costs to setup and maintain, all point to an explosion of debt through property. There is a clear public policy issue here when banks issue non-recourse property loans e.g. USA subprime mortgage meltdown!!

A current option is for SMSF trustees to become their own banker for their own SMSF gearing strategies. Yes, you can be the lender to your super fund! This can remove a whole lot of hurdles for investing in property through your SMSF.

However, it’s not just a simple case of sending a sum of money across to your SMSF bank account as a loan, then buying a property. You still need to follow the new rules as they relate to borrowing for SMSFs.

Here is a list of things you must do:

1. Make sure your trust deed allows your SMSF to borrow. If it doesn’t, update your deed to one that does allow gearing.
2. Make sure you purchase the property inside a special purpose bare trust (also known as a debt instalment trust or a custodial trust).
3. Have a properly documented loan agreement in place between the lender (you) and the SMSF.
4. Ensure the loan is limited recourse.
5. Make sure it is a new asset, if you’re purchasing residential property.
6. Make sure the interest rate you charge your super fund is realistic. You should pass on the interest rate exactly as you are being charged by the bank. A small premium might also make sense, due to the higher risk. If your bank is charging you 6.5% for the money, then you charge your super fund a premium (say 7%) because of the higher risk that is inherent in limited recourse lending.
7. Don’t forget that your loan to the super fund must be limited recourse. If the property investment turns bad, or needs to be sold at a bad time, then you can only seek redress over the actual asset that was lent for. For example, if a $400,000 property was bought with a $300,000 loan, but the property is later sold for only $200,000, then the lender (you) will only be able to get back a maximum of $200,000 on your $300,000 loan. Or so the theory goes.

More so than almost any other area, if you’re looking to go down the path of geared property in super, particularly with the industry in its infancy, seek professional advice from a financial adviser or SMSF law specialist, or both.

Here is a list of things that you cannot do:

1. Don’t just transfer some money into your super fund and call it a “loan”. The loans need to be properly documented and the asset needs to be held on trust for the super fund.

2. Don’t charge an interest rate that is too low or too high, as they will be seen as either gaining a benefit from your super fund before retirement or trying to put extra money into super.
3. Don’t invest outside of your SMSFs “investment strategy”. Take the opportunity to update your investment strategy to allow for geared investments.
4. Don’t leave too little money in the fund. You will need to cover interest repayments, the other expenses of the fund (accounting, audit, insurance, etc).
5. Don’t become a one-asset fund that holds a single property and no other investments. Super funds still need diversification.

In summary, I personally feel that if the government fixes up the issue of personal guarantees with non-recourse borrowings, we will never get to this position as loan value rations (LVR) will remain very conservative. This would be a WIN-WIN situation because it addresses the long term view concerns of government regarding a debt explosion, but it also allows for the rules to remain for those wish to invest directly in property.

Principle 9 — Compliance, rather than prudential, regulatory focus

It is important for retail and industry superannuation funds to ensure that trustees are acting in members’ best interests at all times. This is because these funds are managing other people’s money. The various stakeholders in these funds include employees, employers, company directors, super fund trustees etc.

In the Panel’s view, a different regulatory focus is appropriate for SMSFs because here the trustees and members are one and the same people who are managing their own money. The SMSF trustees have the incentive and responsibility to protect their own interests.

The Panel believes that role of the Australian Tax Office and SMSF auditors should be legislative compliance rather than any prudential objective. Most submissions to the review agreed with this view. The Panel and most submissions agreed that the ATO was best placed to be the regulator of the SMSF market.

The Panel believes that most of the 410,000 SMSF trustees do the right thing. However, there is always a small group of people who always try to flout the system. Currently the penalties the ATO can apply are:

1. Disqualification and removal of a trustee from managing a SMSF.
2. Declaring the SMSF non compliant where the fund loses half its funds. This is very severe penalty.

The Panel believes that this "all-or-nothing" approach is not a very effective method for regulating SMSF. They are proposing that a sliding scale of administrative penalties be implemented modelled after the system used for regulating tax returns. The Panel recommends that these fines are paid by the trustees out of their own personal funds and not out of the fund.

The Panel also recommends that the legislation be amended to provide the ATO with the power to issue SMSF trustees with a direction to rectify specified contraventions within a specified time. A breach of a direction should be an offence.

The Panel does not agree with mandatory education for SMSF trustees. However, it does believe compulsory education should be used when lower-level breaches are detected.

I totally agree with the Panel's approach. In my opinion a "speeding ticket" approach should be used.

Principle 10 — Pursuit of excellence

Given that SMSFs are small and many SMSF service providers are also small, there is a challenge for the sector in technology, governance and investor education.

The Panel believes that it might be worthwhile for government to consider measures to support, promote and champion the development of best practice among SMSF trustees. The ATO would be the best organization to collect this data.

The Panel is conscious of submissions warning that changing the information requirements for SMSFs should not overly burden SMSF trustees with additional data collection obligations.

Some suggested improvements are:

1. Valuing assets at market value which is common practice now
2. Binding death benefit nominations
3. Notifications regarding pensions
4. Levels of insurance
5. Members balances
6. Members after tax return on assets

The concern I have with this principle is that it ends up as an extra cost burden to the SMSF but very little value to the SMSF. I do not agree with this proposition.