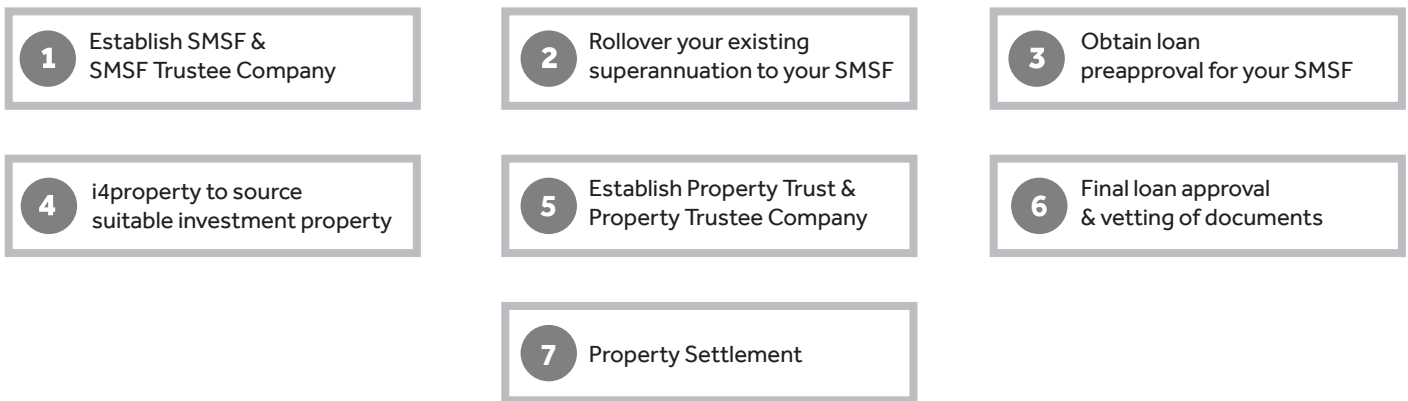


ACQUIRING PROPERTY THROUGH SUPER EXPLAINED

Overview

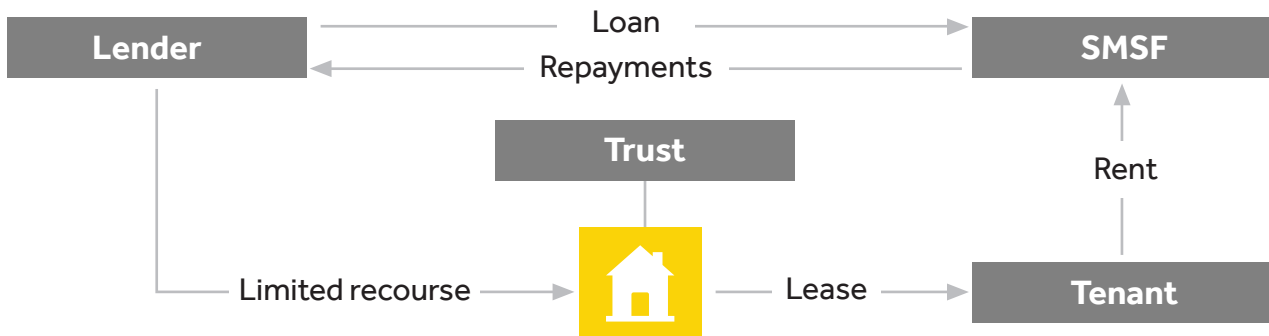
In order to purchase property through your Superannuation you must have a Self-Managed Super Fund (SMSF) and follow the rules associated with the property type being purchased. A SMSF can be used to invest in all types of property, including residential, commercial, industrial and listed/unlisted property trusts, you may even borrow money through your SMSF provided that you meet certain conditions. It is generally possible to borrow up to 80% for residential property and 70% for commercial properties, and speak to your financial advisor for the specific details on all associated conditions for borrowing and the setting up of an SMSF.

The Process



The Structure

The Property Trust becomes the legal owner of the property, while the SMSF is the beneficial owner and receives the rental income. The rent, and other income received by the SMSF such as investment income and super contributions, can be used to make the loan repayments. The loan is a limited recourse plan. The lender will not have recourse to any other assets held in the SMSF.



Considerations

- Construction loans may not be available on SMSF loans which prevent some transactions from taking place. However, the SMSF can pay for renovations out of its own funds, but cannot borrow additional funds for this purpose.
- Buying a residential property in your SMSF that you intend to live in is strictly off limits. The purchase must be for investment purposes only (owner occupied business premises are acceptable).
- Selling a residential property to your SMSF, that you or a related party owns cannot occur, though acceptable with commercial property.

