

## **Why Industry Funds (especially) and Retail Master Trusts are making it difficult for SMSF Trustees to complete their Roll-overs**

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### **SMSF - A sophisticated structure that is really good value**

Nearly everyone has superannuation but there is still a lot of ignorance on the subject. Because superannuation has been made compulsory an industry has grown up that manages trillions of Dollars. Most nights on TV you will see an advertisement for industry funds and the claimed benefits over retail superannuation.

This “industry” is now comprised of 2 groups. On the one hand the not for profit industry funds who have large advertising budgets and do things like sponsor Rugby League teams to market themselves. These funds are run by boards with equal employer and trade union representation and as you can imagine are not always the most efficient organizations. On the other hand are the Retail funds. These funds such as Asgard, MLC, BT etc are predominantly owned and run by the big 4 banks. The Australian banks plus AMP and AXA (soon to go to NAB) dominate the retail superannuation industry.

The third group is individuals who choose to manage their own superannuation by way of a Self Managed Superannuation Fund. (SMSF). There are now hundreds of thousands of SMSFs and collectively they invest and manage billions of dollars.

The rise and rise of SMSF’s over the last 25 years has meant that the “Superannuation” industry has regularly used its lobbying and influence in Canberra to try and stop or stunt the growth of this sector.

Bizarrely, the superannuation industry sees each SMSF as a threat and each new SMSF represents income foregone. It is the non-client- centric focus of the institutional superannuation industry (particularly the banks) that is the real problem. Superannuation is about having savings for retirement and not about creating a profitable institutional industry.

The main issue for the industry is that most SMSFs are established by rolling superannuation benefits out of a retail or industry fund. Each new SMSF is viewed as a drain and a threat to the industry.

There have been numerous attempts by the superannuation industry over the years to stop the growth of SMSF numbers. These attempts invariably fail but do sometimes result in legislative change.

The latest attempt to block SMSF creation is the new rules whereby a retail superannuation fund must satisfy itself that the newly registered SMSF is a complying superannuation fund. Each fund has different practices and procedures but the overall effect is that it takes longer to

get your superannuation money released and into the bank account of your SMSF. By creating barriers the large funds are intentionally slowing down the release of funds to the new SMSF and in some cases making the process of transition so annoying and cumbersome that the trustees of the SMSF are tempted to give up.

This has been one of the more successful attempts to frustrate the flow of funds to the SMSF sector. However, it has not stopped new SMSF creation and these continue to be established in record numbers. For those of you contemplating moving to a SMSF just be aware that it now takes longer to get your superannuation out and into your new fund. But, based on the numbers of people who continue to vote with their feet, the move to a SMSF is worth it.

In an SMSF your superannuation is working for you because you manage both the investments and the costs to administer.

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