

# ADPartners

## Checklist: setting up an SMSF

To find out whether DIY Super would be an option for you, use our quiz.

When getting started, keep some basic rules in mind:

- Each member must be a trustee
- Trustees can't receive payment for performing their duties
- A member of the fund can be an employee of another member only if they're related. For example, if you've got a small business that employs your son, he can be a member of your SMSF; however another employee who isn't related to you can't join the fund
- As a trustee, you're responsible for the fund complying with the regulations
- The fund is a separate entity and needs to be separated from your own assets and
- You need proper administrative procedures to comply with all requirements, for example, keep records of all meetings and decisions, prepare financial statements and lodge all required paperwork with the ATO.

To set up an SMSF you must follow some basic steps:

- **Appoint trustees** – can be a private company of which the members are the directors, or all the individual members of the SMSF. If there's only one member, there must either be a second individual trustee (you can appoint someone else such as a relative) or you can set up a private company of which you're the sole director, which can act as the trustee of your fund. There are conditions about who can become a trustee, for example an undischarged bankrupt or anyone who has been convicted of an offence involving dishonesty can't become a trustee.
- **Get a trust deed** – a legally binding document setting out the governing rules of the fund.
- **Apply to the ATO to become a regulated fund** within 60 days of setting up the fund, in order to obtain concessional tax treatment.
- **Obtain a tax file number and ABN.**
- **Open a separate bank account** in the fund's name.
- **Develop an investment strategy.**

Other things to keep in mind are:

- **Decide whether life or disability insurance** should be taken out.
- Each member needs to nominate a **dependant** to receive their benefits if they die.
- Proper records must be kept, some for up to 10 years.
- SMSFs are prohibited from borrowing money other than in very limited circumstances.
- There are rules for buying assets from [related parties](#).
- SMSFs are in general prohibited from lending money to members or their relatives.