

Self-Managed Super: A Growing Trend

Lenders continue to launch new loan products to cater for the soaring popularity of self-managed super funds (SMSFs).

With many of the features of regular home loans, these products entitle trustees to borrow within their SMSF to buy residential investment property or refinance an existing SMSF loan. The loans are repaid from rental incomes and contributions paid into the funds.

Since the laws were changed in 2007 to allow SMSFs to borrow funds to acquire residential property, this type of property transaction has become increasingly popular. Currently more than 800,000 Australians invest around \$280 billion of superannuation through the SMSF structure and this is a trend that is expected to accelerate. SMSFs make up around one-third of the overall superannuation sector and have an asset value of \$14.87 billion.

One of the many attractions of a SMSF is that it puts you in the driving seat and allows you to do something pro-active about your financial future. As the trustee of the fund, within the boundaries of the law, you have the flexibility to decide how your funds are invested and how the fund is to operate. Unlike the ups and downs of the share market, property investment provides the security of yielding positive returns for investors, especially if it is a long term investment.

Better tax management is another attraction as investing in an SMSF has numerous tax advantages. There is also the ability to pool funds with up to four members, which means family members can pool their savings to buy a property that would otherwise be beyond their reach.

Data from the Australian Taxation Office shows that more than 3,000 SMSFs are set up every month and that the sector is growing at a rate of 10% a year. In the four years to 30 June 2012, the SMSF sector grew by \$109 billion, which makes it the strongest growing sector of the superannuation industry.

The statistics show that SMSFs have truly positioned themselves as one of the most popular forms of superannuation savings. If you are tempted to join this growing trend, speak to us today about how we can help you set up your own SMSF.



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For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

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