



# Death & SMSFs

Webinars:

**Preparation: 29 Sept 2022**

**After the Event: 13 Oct 2022**

Starting at 12.30pm

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TriSuper Auditors

# Death & SMSFs – Preparation

29 Sept 2022

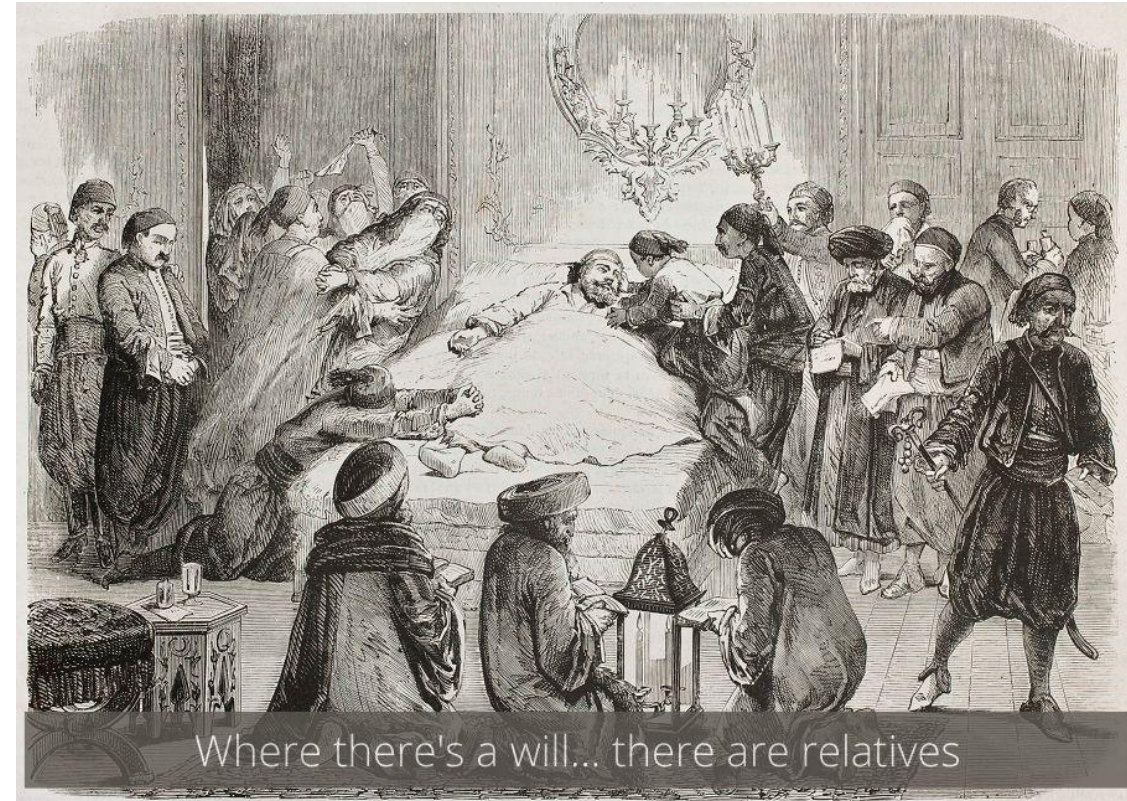
**Joel Curry**, Director, TriSuper Auditors

# Death & SMSFs

Why This Topic?

# Ageing Client Base

No one wants to talk about it



Where there's a will... there are relatives

# As auditors what are we seeing?

- ❖ Unexpected incapacitations
  - Large % the Active Trustee
- ❖ Materially increasing average member balance amongst older members
  - Illiquid assets / property
- ❖ Little to nil planning

# Incapacitations

- ❖ Lack of EOPAs
- ❖ Cases of Active Trustee becoming incapacitated
- ❖ Remaining members:
  - Lack of knowledge
  - Not want to deal with running SMSFs
- ❖ Non-corporate Trustee



# Death of Member

1. Search for documents
  - BDN's (binding/non-binding)
  - Pension Documents (Reversionary / Non-Reversionary)
  - Trust Deed – when last updated ?
2. It just goes to the estate, doesn't it?
  - Mixed families
  - Dependents in the bush
  - Validity of BDN's

# Death of Member

## 3. Illiquid assets / property

- How do benefits get paid out?
- Keep in the Fund to flow through to ongoing members?
- Pay death benefit as pension rather than lump sum?

## 4. Death Tax

- Non – tax dependent
  - Taxable component taxed at 17% / 32%
  - Estate doesn't pay medicare levy
  - Insurance Proceeds tax trap



# Pre “Event” Ideas...

- ❖ Make an appointment to see Kevin (free plug) / Planner
  - ❖ Review SMSF Documents / Estate Planning / EOPA's
- ❖ Get all Members involved in Fund operations
- ❖ From experience it can open can of worms

# Pre “Event” Ideas...

- ❖ Sticky Assets / Property
  - ❖ Will they need to be sold to pay death benefits?
  - ❖ In-specified out to beneficiaries – what costs?
  - ❖ Gradual sell down
- ❖ Bring in new members/funds to allow asset to remain in Fund
  - ❖ Six Member SMSF's

# Pre “Event” Ideas...

- ❖ Removing member benefits “pre-event”
  - ❖ Last member standing
  - ❖ Remove tax on benefit payments to non-tax dependants
  - ❖ Beneficial for large taxable components
  - ❖ How does this fit in with estate planning?

# Q&A

“I’ll take that as a comment...”





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