

SELF MANAGED SUPER FUND (SMSF) POLICY

Version 1.03

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AIM OF THIS POLICY

The Self-Managed Super Fund (SMSF) Policy describes the framework under which you are authorised to provide advice regarding SMSFs.

WHO THIS POLICY APPLIES TO

This policy applies to all Representatives of Insight Investment Partners.

WHAT THIS POLICY COVERS

This policy covers:

- Overview of SMSF Services
- What You Must Do
 - Fund Establishment
 - Investment Advice
 - Gearing Advice
 - Insurance Advice
- What You Must Not Do
 - Fund Establishment
 - Gearing Advice
- Good Operating Practice

OVERVIEW OF SMSF SERVICES

SMSF Service	Permitted under our licence
Financial Planning Services	
Establishment	Yes
Wind Up	Yes
Contributions advice	Yes
Investment strategy	Yes
Advice regarding specific investments	Yes
Gearing advice	Yes – refer to the Gearing Policy
Sign a Financial Advice Certificate (FAC)	Yes
Insurance advice	Yes - refer to the Product Advice Policy
Income streams advice	Yes
Super consolidation advice	Yes
Estate planning advice	Yes - refer to the Strategic Advice Policy
Death benefits advice	Yes
Accounting/Legal Services**	
Trust deed preparation/review	No
Preparation of tax returns, financials, minutes	No
Any other fund administration services	No
Compliance reporting	No
Actuarial services	No

Audit services	No
Establish a Limited Recourse Borrowing Arrangement (LRBA) (e.g. set up the trust structure, prepare legal documentation)	No
Other Services	
Direct property advice**	No – refer to the Strategic Advice Policy
Recommend a trustee structure (i.e. individual or corporate)	Yes
Act as trustee	No
Make payments on behalf of the trustee	Yes

**You may choose to provide factual information in this area, refer to an appropriately qualified professional or provide the service personally in a different capacity (e.g. as an accountant). You must disclose any referral fees you may receive and/or potential conflicts of interest (refer to the Referral Arrangements and Your Responsibilities Policies for more detail). You may also choose to use an SMSF administration service attached to an approved platform.

WHAT YOU MUST DO

GENERAL OBLIGATIONS

- Be authorised to provide SMSF advice. You are exempt from this requirement if you are only providing insurance advice to the SMSF. The recommendation may be made to the clients in their capacity as trustees or as members.
- Explain and document for clients which services are being provided under Insight Investment Partners AFSL and which services are not.
- Provide all Financial Planning Services (as per the SMSF Services Table) in your capacity as a financial adviser under Insight Investment Partners AFSL. You are not permitted to provide these services in a different capacity e.g. as an accountant.
- Ensure your recommendations are consistent with the terms of the trust deed and investment strategy (these documents must be retained on file). Your advice document must demonstrate consideration of the investment strategy.
- Ensure that where your recommendations result in a conflict with the trust deed or investment strategy, the relevant document is updated prior to implementation. Although you are not permitted to express an opinion on a trust deed's suitability/compliance, if it appears to require a legal review, you must ensure a new deed is executed by the trustees prior to implementation.
- Prior to recommending a wrap platform service, consider the suitability of the service with respect to client's needs, with particular regard for the standard trust deed. Although, as referenced above, you are not permitted to express an opinion on a trust deed's suitability/compliance to the client, you have a duty of care to the client to ensure the overall service is appropriate.
- Obtain approval from the Responsible Manager when recommending a client purchase a residential or commercial property in a SMSF.
- When developing your recommendations, ensure the SMSF will have sufficient cash flow to meet its obligations, such as (not exhaustive):
 - pension payments;
 - insurance premiums;
 - administration/audit fees
 - advice fees; and/or
 - taxation.
- This is relevant across a number of strategies, for example (not exhaustive):
 - drawing an income stream;

- insurance recommendations; or
- investing a lump sum.

FUND ESTABLISHMENT

- All relevant costs must be included in the product replacement section of your advice document (e.g. establishment costs, ongoing accounting fees).
- Where the SMSF balance is less than \$300,000, clearly outline in your advice document how the benefits of an SMSF outweigh the likely additional expense compared with an APRA regulated fund.
- Consider the appropriateness of an SMSF in view of:
 - the client's financial literacy e.g. their understanding of the legal, taxation and trustee requirements;
 - the time commitment required – does the client have this capacity?;
 - the client's general interest in being an SMSF trustee.
- Adhere to the following if you intend to provide establishment and investment advice in a single advice document:
 - Provide advice to all the individuals who are to become trustees/members.
 - Complete a fact find and risk profile on each individual who is to become a trustee/member.
 - Prior to implementation of the investment advice confirm (and ensure your file notes reflect):
 - establishment of the SMSF and sight the trust deed and investment strategy; and
 - the circumstances of the individuals (in their capacity as future trustees/members of the fund) have not changed between the time the investment advice was given and them becoming trustees.

INVESTMENT ADVICE

- Ensure your advice is in line with the:
 - individual risk profiles of each member (members are permitted to agree on a single risk profile);
 - needs and objectives of each member;
 - the SMSF's Investment strategy; and
 - Risk Profiling & Asset Allocation requirements detailed in the Data Collection Policy.
- Retain the investment strategy on file, including updated versions as needed.
- Ensure that the SMSF is segregated prior to implementation of your investment advice where members require different risk profiles.

GEARING ADVICE

- Seek approval from your Responsible Manager prior to providing advice to SMSFs regarding related party loans to establish an LRBA.
- Adhere to the following when providing advice in relation to financing an SMSF property purchase:
 - Disclose all the costs involved in acquiring and maintaining the property in the SoA, for example, loan interest, property maintenance, rates, landlord insurance and property management fees.
 - Ensure it's permitted under the investment strategy. You must also advise the client of the risks associated with holding a large single asset.
- Adhere to the requirements within the Gearing, Strategic Advice and Referral Arrangements Policies.

- Meet the following requirements when signing an SMSF LRBA FAC:
 - ensure you can demonstrate that you meet all requirements outlined in the FAC (this includes having sufficient information about the client's financial affairs necessary to fulfil the FAC requirements);
 - provide strategic advice via an SoA using the LRBA strategy text provided;
 - maintain a file note evidencing whether the client appears to understand:
 - the financial component of the proposed loan;
 - the costs and benefits of the transaction;
 - that the relevant credit provider is not responsible for ensuring that the loan and the acquisition of the security property complies with the relevant legal and tax requirements;
 - the fact that the credit provider debits the loan account with the amount borrowed and all fees and interest;
 - the investment strategy of the fund (where relevant for SMSFs);
 - the risks of direct property investment and gearing;
 - the costs of running an SMSF (where applicable);
 - maintain a file note confirming the client wishes to obtain the loan in light of your discussions.

INSURANCE ADVICE

- Adhere to the Product Replacement requirements within the Best Interests Duty Policy when replacing a policy. Cancelling and reissuing a policy for the purpose of changing the ownership to an SMSF is captured under the definition of product replacement.
- Consider whether maintaining existing insurances in an APRA regulated fund with an adequate balance may better meet the client's needs compared with applying for new insurances inside the SMSF. Should this be appropriate, you must consider how the premiums will continue to be funded over time.

WHAT YOU MUST NOT DO

CONFLICTS OF INTEREST

- Receive a commission from a developer when recommending a client purchase a residential or commercial property in a SMSF.

FUND ESTABLISHMENT

- Provide investment advice prior to establishment of the SMSF if you are unable to obtain adequate information to fulfil your Best Interest Duty obligation to ensure that the investment advice is appropriate. A second SoA will be required to provide investment advice following the establishment.

GEARING ADVICE

- Provide credit assistance in the course of providing LRBA advice (refer to the Strategic Advice Policy). Note that this restriction does not apply when you are dealing with SMSFs with corporate trustees or in relation to commercial property.

GOOD OPERATING PRACTICE

- The recommended minimum to commence an SMSF is \$300,000, as generally funds below this amount are not as cost competitive as an APRA regulated fund.
- Recommend a corporate trustee structure for all new SMSFs to provide long term flexibility.