So you want to be an SMSF expert?
Grow your opportunities

You know there are great opportunities in SMSFs — and you may already have some SMSF clients. Here’s what you need to know to hone your skills and prepare your business, to tap into this large and fast-growing market.

With around 600,000 funds holding almost $715 billion in assets\(^1\), the SMSF market is big and getting bigger. On average, over 5,000 new SMSFs are established every quarter, each requiring specialised set up support, along with ongoing compliance and investment advice. And with an average fund balance of more than $1.2 million, SMSF investors are clients worth winning and keeping\(^1\).

Establishing yourself as a genuine SMSF expert requires more than just technical expertise. As well as specialised qualifications and training, you’ll need efficient systems, well-honed administrative skills, plus an ability to look beyond the basics of tax and compliance to provide high quality strategic advice.

Here are some of the issues you need to think about.

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\(^1\) ATO SMSF statistical report – March 2019
The growing demand for strategic advice

It was not that long ago that SMSF advice was largely the domain of accountants. They helped create the fund structure and monitor compliance, while leaving clients to make their own investment decisions.

But as the pool of SMSF investors has broadened, and trustees have become more informed and sophisticated, we’ve witnessed a growing demand for personalised, strategic advice that extends well beyond the technical aspects of the fund.

This isn’t to say that SMSF investors are the same as other advice clients. After all, trustees typically start SMSFs because they want to take control of their own retirement outcomes — rather than relying on others to manage their superannuation affairs.

That means you may need to vary your advice model to act more like a coach and a mentor than a holistic adviser. Aim to provide the information and support trustees need to make informed decisions, plus the reassurance of confirming they’re on track to reach their goals.

You can also help them set the right direction from the start, so they can make their own decisions within a sound – and compliant – strategic framework. That includes creating the right fund structure, designing an optimal portfolio asset mix, and making informed choices on technical issues like tax concessions and insurance.

Sharpening your skills and systems

ASIC requires the holder of an Australian Financial Service (AFS) Licence to ensure that they and their representatives are adequately trained and competent to provide the services covered by their AFS licence. Providing competent SMSF advice requires specific SMSF knowledge — so to position yourself as an expert you’ll need to undertake specialist training.

Next, you’ll need to have the right systems and processes in place to capture and manage the extra information you need to efficiently manage SMSF clients and meet their specialised reporting requirements. Specialised administration software can help — but it’s important to choose a solution that suits your practice’s specific needs, and helps you cater to a diverse client base.
Getting expert support

Many advisers choose to outsource everyday reporting and compliance requirements to an administration provider.

That can help take the pressure off when it comes to time-consuming activities like managing and lodging tax returns, liberating you to focus on higher value-added activities, and ensuring trustees meet their obligations and avoid potential penalties.

Administration services can also be a great resource to help you stay abreast of SMSF regulations in a changing regulatory environment. Many provide technical expertise as part of their service — which is so important to help you navigate your way through complex strategies and the complex web of rules which often apply to SMSF transactions.

Providing competent SMSF advice requires specific SMSF knowledge
Your choice of provider may depend on their ability to meet your needs in one or more of these areas:

**Systems**
Today’s leading administration services invest heavily in technology. This means online access to all records, such as deeds and minutes, and up-to-date fund balances. For example, daily pricing of investments can come to the administrator directly through data feeds from the fund manager or investment platform. These specialist systems enable transparency of source documents and transactions, making life much easier for you.

**Speed and scale**
Larger administration services are likely to be able to deliver services quicker and easier – due to their scale and investment in the latest online technology.

**Monitoring compliance**
Most administration services will offer some form of compliance monitoring. This means they will notify you or your adviser if certain circumstances occur, such as a member approaching their contributions cap in a particular year. By using a professional administration service, you will have a partner that helps ensure your SMSF remains compliant.

**Frequency**
The combination of the above three factors means that administration services are able to provide information on a more regular basis, often daily. Some information is automatically available online (such as daily pricing on investments) and some information is proactively sent to you with notices or investment opportunities (e.g. corporate actions).
Managing the costs

Becoming an SMSF expert is not cost-free. First, there’s the initial cost of completing specialist education courses, plus the ongoing cost of keeping your SMSF knowledge up to date, by attending industry events and completing CPD activities.

Then there’s the cost of upgrading your systems and training your staff in your new processes. If you do your administration in house, you’ll need to factor in the cost of staff to manage the additional workload, including extra resources at critical times. You’ll also need to consider the cost of external legal advice.

Managing and recouping these costs is all about getting your advice model and value proposition right. By positioning yourself as an SMSF specialist, you’re likely to attract a more active and affluent clientele with a focus on higher value strategic advice. That helps to benefit both your practice and your clients.
Industry-renowned SMSF expert Mark Ellem has a wealth of experience from accounting firms and SMSF administration companies — including running his own SMSF accountancy and admin practice. Here are his top 5 steps you need to take to establish your firm as a specialist SMSF provider.

1. **Get qualified.** Even if you’re already providing SMSF advice, I recommend you undertake specialist training, investing the time you need to gain a thorough grounding in technical SMSF strategies.

2. **Get your systems in place.** Most SMSFs own direct assets, so you need superior reporting systems to ensure you can manage and report on them. As well as software that can provide detailed reports for auditors or a direct feed to the administration provider, you’ll need documented processes to help your staff collect, manage, store and access information quickly and efficiently. You will also need a good lawyer to help set up funds and compliance paperwork, and decode any grey areas of SMSF law.

3. **Choose a strong support team.** I’ve seen start-up businesses who’ve tried to do all the administration and paperwork themselves. However, they often find that admin is stealing the time they need for value-added activities and attracting new clients. An alternative is to outsource administration from the start. You need to weigh whether this is a good option for you. It’s also important that you do your due diligence and find a reliable and responsive provider who will make your life easier.

4. **Spread the word.** Successful advisers run regular seminars with referral partners such as accountants and lawyers, educating them on the potential benefits of SMSF advice for their clients. The result is a steady stream of new, pre-qualified clients.

5. **Review your non-SMSF client book.** It’s worth reviewing your existing client strategies to determine whether they would work better in an SMSF. For example, some strategies may be difficult, or impossible, under other super fund structures — like running multiple pensions or accommodating specific estate planning needs.