

## New financial year to-do list for your SMSF

With 30 June beyond us, now is the time to plan ahead to get your SMSF sorted for the new financial year. Below are five key items to tick off this financial year.

### Revisit your investment strategy

Your investment strategy must be reviewed at least once a year and this will be evidenced by your approved SMSF auditor. In addition to the annual review, it is also important to review your strategy whenever the circumstances of any of your members change or as often as you feel it is necessary.

As such, it's worthwhile taking the opportunity to think about your SMSF's investment strategy for the year ahead. Things to consider include:

- Review your fund's performance last year and make sure your portfolio is still aligned with your fund's objectives, risk tolerance and liquidity needs.
- Do your current investments align with the stated investment ranges (if any)?
- Do you need to make changes to your investment ranges or rebalance your asset allocations?
- Review any insurance policies held within your SMSF, particularly if any member's circumstances will change in the coming year.
- Will any members commence a pension this financial year and if so, will the fund have sufficient liquid assets and cashflow to meet minimum pension payments before 30 June each year?

Once you have reviewed your investment strategy, remember to document that you have undertaken this review and any decisions made arising from the review.

### Contribution planning

Members in accumulation phase should be aware that higher contribution caps apply from 1 July 2024, including an increase to the employer superannuation guarantee rate from 11% to 11.5%. Members should plan ahead to ensure they can maximise their contribution potential whilst ensuring they do not exceed the contribution caps as this can result in excess tax.

### Calculate minimum pension payments

If you or other members of your SMSF have commenced a superannuation income stream, you should calculate the minimum pension payments that will apply based on their age on 1 July and their pension balance on the previous 30 June.

The table below summarises the minimum drawdown percentage amounts that must be taken depending on a member's age:

Age	2024-25
Under 65 years	4%
65 to 74 years	5%
75 to 79 years	6%

80 to 84 years	7%
85 to 89 years	9%
90 to 94 years	11%
95 and over	14%

For some members, the minimum pension percentage factor may have increased. For example, a member who turned 65 after 1 July 2023 would now be required to draw a minimum of 5% of their pension balance, which is an increase from 4% last financial year. Despite there being a required legislated minimum amount to drawdown, members have the flexibility to draw a larger pension amount if they wish.

The key point to note here is to calculate the minimum pension payment for members in pension phase and ensure at least the annual minimum amount is paid out to the member(s) by the end of the financial year, being 30 June 2025.

### **Membership and trust deed review**

If you have plans to add more family members to your SMSF this year, you will need to consider a number of things such as:

- Whether your trust deed needs amending – even though the law now allows up to six members, it is important to check whether your fund allows for more than four members. Note that changes in legislation (or new types of investments, among other things) may require your trust deed to be updated every few years. This will ensure that trustees make decisions based on current laws and also ensures you get the most out of your SMSF.
- Whether you are going to need a corporate trustee structure for your fund. This is because the Trustee Acts of most Australian States and Territories still only allow a maximum of four individual trustees for SMSFs. As all members must also be trustees/directors, this means you will need to have a corporate trustee (rather than individual trustees) in order to satisfy the trustee limit contained in the relevant legislation in your local State or Territory jurisdiction.
- Ensure any newly-appointed trustees or directors submit a 'Trustee declaration' to the ATO within 21 days of their appointment stating they understand their responsibilities.

### **Improve your record keeping skills**

Keeping accurate and well organised records is crucial for SMSFs to remain compliant. Now is a good time to remind yourself of the ATO's requirements for record keeping, with documents such as minutes of trustee meetings and investment strategy reviews required to be kept for at least 10 years.

**If you would like further advice on how to get the most out of your SMSF, please contact us on 03 9852 or [office@donisconsulting.com.au](mailto:office@donisconsulting.com.au)**