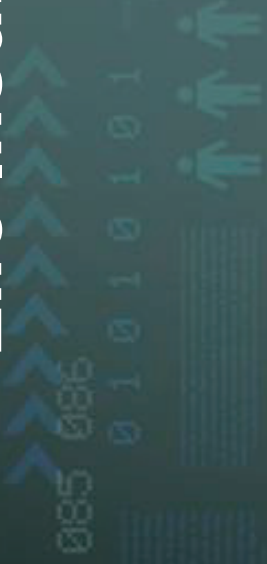


SMSF Rules Regarding Life Insurance

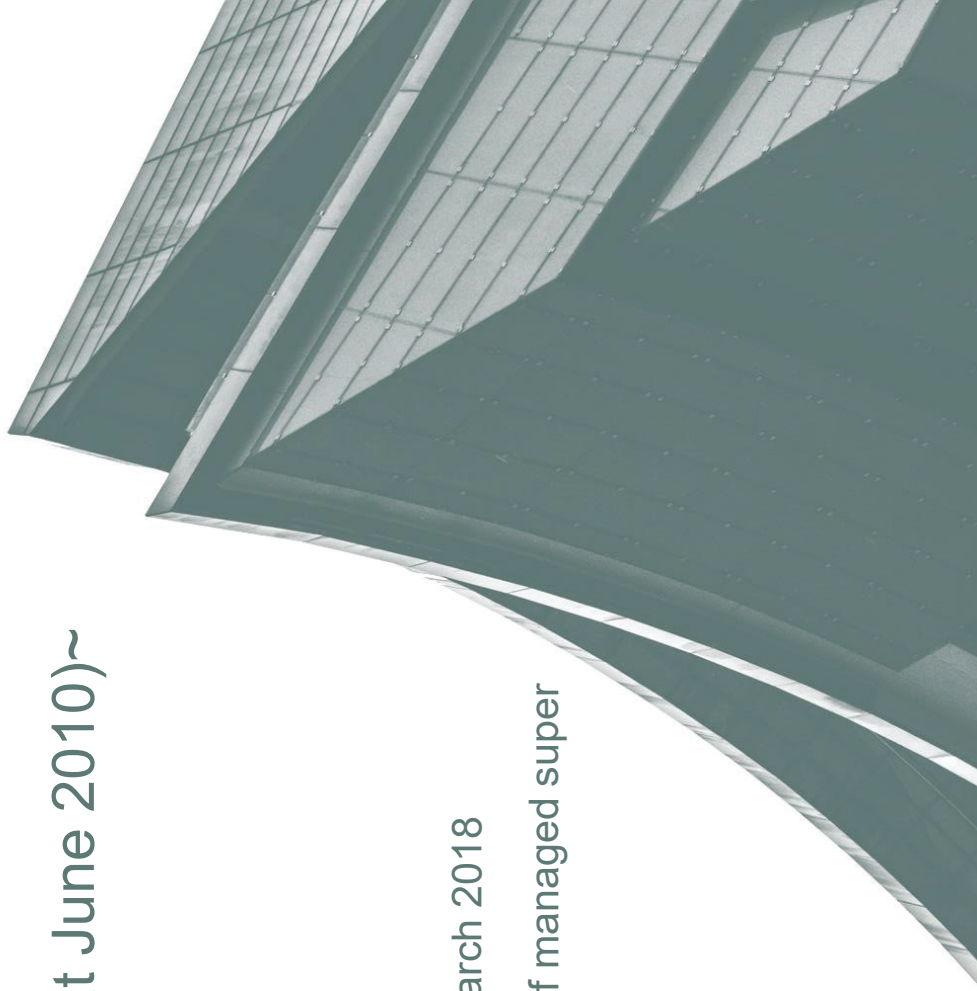


SMSF Statistics

- 595,840 SMSFs in Australia*
- 1,124,258 members*
- 18,621 new funds in 12 months to March 2018*
- 9,671 new members in 12 months to March 2018*
- Less than 13% had insurance (as at June 2010)~

Source:

- * ATO – Self managed super fund statistical report – March 2018
- ~ Super System Review Final Report – Chapter 8 - Self managed super solutions (page 259)



Trustee Responsibilities - Insurance

For a self managed superannuation fund – The trustee of the entity must formulate, review regularly and give effect to an investment strategy that has regard to the whole of the circumstances of the entity including, but not limited to, the following:

whether the trustees of the fund should hold a contract of insurance that provides insurance cover for one or more members of the fund

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REGULATIONS 1994 - REG 4.09 (2)(e)

Penalties

What are the penalties if a trustee fails to consider insurance as part of their SMSF's investment strategies?

- 20 penalty units (\$4,200) administrative penalty for each trustee or director of a corporate trustee
 - **Sections 166 & 34(1) SIS Act; Section 4AA Crimes Act 1914**
- Up to 100 penalty units (\$21,000) for each trustee who intentionally or recklessly contravenes
 - **Section 34(2) SIS Act; Section 4AA Crimes Act 1914**
- A person who suffers loss or damage as a result ...may recover ... against that other person or against any person involved in the contravention
 - **Section 55(3) SIS Act**
- ASIC Report 337 – Paragraphs 121-140
- *Ravesi v NAB* (2014) (FCA 99) – Duty of care