The complex made simple:
Your client Q&A conversation starter

Here's an example note you could adapt for clients who ask you whether their SMSF can help buy their business premises. Use only where relevant and after compliance approval; this is not a recommendation to establish an SMSF or buy property.

Subject: A few questions about SMSFs and business premises

Hi [First name],

I've recently been looking at how borrowing can work where a self-managed super fund (SMSF) owns business premises and leases them to a related business. It is a specialist area with important conditions, so I thought a short explanation of some common questions might be useful for you.

Can an SMSF own premises used by a member's business?
In some circumstances, yes. The property and leasing arrangement must meet specific superannuation rules, including business real property and related-party requirements.

Would I be paying rent to myself?
No. The business and SMSF are separate arrangements. A related business must pay market rent under an arm's-length lease, with rental income going to the fund.

Can an SMSF borrow to buy eligible premises?
Potentially. A qualifying SMSF can borrow under a limited recourse borrowing arrangement, subject to the law, property eligibility and lender assessment.

How much could the SMSF borrow?
It depends on the property, the fund's finances and the lender's criteria. Some specialist lenders can consider up to 80% of the property value, subject to assessment.

What other costs would the fund need to meet?
Beyond a deposit, there may be stamp duty, legal and establishment costs, loan repayments, property expenses and maintenance. The fund must maintain sufficient liquidity for its obligations.

How do I know whether this would be suitable?
That requires consideration of your personal circumstances, the fund's investment strategy, risks, diversification and retirement objectives. Independent licensed financial, tax and legal advice is important before any investment decision. I'm here to help with the lending process, once you and your advisers have made the decision to proceed.

If you have questions about how the lending side works, I'm happy to talk through the general requirements and help you identify what information a lender would need.

Important: The changes can affect borrowers in different ways. Borrowers should seek advice from their accountant, financial adviser or legal professional about how the new rules apply to their circumstances. Brokers who would like to discuss a scenario can speak with their ORDE BDM or our One Lending Team.

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