

Corporate Trustee vs. Individual Trustees

When setting up a self-managed super fund, or SMSF, one of the first decisions you have to make is to choose the appropriate trustee structure for the fund. There are two choices:

- Individual Trustees – where each member is an individual trustee
- Corporate Trustee – where each member of the fund is a director of a trustee company

There is no right or wrong choice; however, one may be more suitable for your circumstances than the other.

Generally speaking, a corporate trustee provides greater flexibility and is the preferred option.

When deciding between the two, it may be helpful to consider the table on the following page.

Disclaimer

This information is general in nature and has not taken into consideration your personal circumstances or financial situation. Before acting on any information you should consider whether it is appropriate and, if needed, seek professional assistance. The information is current as at the date of this document.

What type of Trustee is best for your SMSF?

INDIVIDUAL TRUSTEES

VS.

CORPORATE TRUSTEE

Would you like to have a Single Member Fund?

There can be one member, however, you must have another trustee who is a relative or if not a relative, then they cannot be an employee.

One person on their own can run the Fund.

Would you prefer to have more than one Member?

You may have a maximum of Four members. Each member of full legal capacity must be a trustee.

You may have a maximum of Four members. Each member of full legal capacity must be a Director of the Company.

If Members are added or removed, how are assets dealt with?

All assets have to be transferred to the new trustees' names which could incur additional fees especially if property or shares are held by the fund.

No action is required except for completion of ASIC forms. Green Frog Super completes these forms free of charge.

What happens on legal incapacity of a member?

The member's legal representative becomes trustee. This involves the transfer of assets and changes to name on bank account/s.

The member's legal representative becomes director. ASIC forms required, but no transfer of assets or changes to name on bank account/s.

Is there is difference in the set up costs?

The set up of the SMSF will entail only the cost of the deed and the set up package.

In addition to the costs of the SMSF for individual trustees there will also be the cost to establish the corporate entity.

Is there a difference in the ongoing annual costs?

There are no additional annual costs associated with individual trustees.

There is an annual ASIC levy. Some administrators charge an additional fee; however, there are no additional fees charged by Green Frog.

Are you considering borrowing money in the Fund?

Individual trustees are acceptable from a compliance point of view. However, many financial institutions require a corporate trustee.

Many financial institutions require a corporate trustee for this purpose.