

Investment Strategy Diversification Compliance Checklist

Superannuation Warehouse

SMSF Name - _____

The ATO sent letters to Trustees asking them to review the appropriateness of the investment strategies used in their Funds. The potential risk is that Funds may not be adequately diversified. Having a single asset in an SMSF or the bulk of assets in a single asset class may seem like an ill conceived idea.

Here is a checklist to prove the investments in an SMSF is a considered decision and appropriate for your circumstances in the SMSF.

There are no section of the SIS Act or Regulations where investment in one asset or asset class is prohibited.

Trustees are allowed to have single assets or lumpy assets in their SMSF - on the proviso this is a considered decision.

Importantly, Trustees can invest wherever the Fund's Investment Strategy allows the SMSF to invest.

To illustrate compliance with your SMSF's Investment Strategy, complete this checklist.

- 1 The SMSF has an Investment Strategy in place
- 2 The investment strategy is current
- 3 The investment strategy is signed by all Trustees
- 4 Investments made meet the Fund's investment objectives, mainly to provide for retirement benefits
- 5 Confirmation that investment's diversification was considered (this is a consideration only, not a requirement to execute)
- 6 Risks associated with an inadequate diversification within the context of SMSF's investment portfolio were considered
- 7 Liquidity of investments is appropriate to pay benefits as Members retire and pay for costs incurred
- 8 Consideration was given whether to hold insurance cover for Members of the SMSF
- 9 Investment liquidity are appropriate for the Member's age taking into account the minimum payments to be made once the Member enters the pension phase

Trustee 1

Date

Trustee 2