Entrusting the trustees: the regulation of self-managed superannuation funds in Australia

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Abstract

Self-managed superannuation funds (SMSFs) are a uniquely Australian retirement savings vehicle which are constituted as trusts with one to four members, each of which must be a trustee of the fund unless under a legal disability. SMSFs have become so popular in recent years that as a sector they are now the largest in terms of number of funds and assets under management, yet very little academic study has been directed at this important sector to date.

The intent of this thesis is to evaluate the regulation - both statutory and supervisory - of the SMSF sector, which has, since 1999, been subject to the supervisory regulation of the Australian Taxation Office. As a starting point, the regulation of SMSFs can be characterised as extremely difficult because of their private nature and sheer numbers.

An examination of the demographic characteristics and motivations of the SMSF trustees forms part of this evaluation, as does an international comparison with selected western countries where self-directed superannuation is permitted. What is apparent is that the Australian SMSF enjoys a freedom unparalleled elsewhere and under that regime appears to be performing very well in enhancing its members’ retirement savings.
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