

# HOW TO BORROW & BUY A COMMERCIAL INVESTMENT USING YOUR SUPER FUND

## TAX EFFECTIVE STRATEGIES FOR INVESTING IN COMMERCIAL PROPERTY

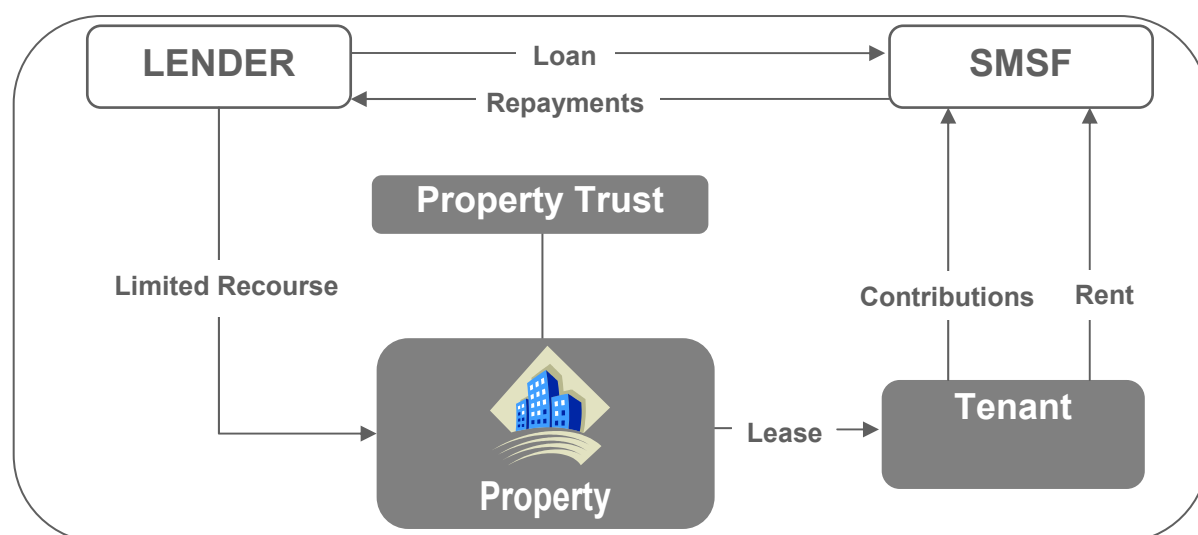
Changes to superannuation legislation now allow Self Managed Super Funds (SMSF's) to borrow for the purpose of investing, provided a special structure is used.

This means that if you are an investor you can use this structure to buy commercial property through your SMSF. This is great news if you do not have the required deposit readily available and have cash available in your Super Fund. It can also be a very tax effective structure.

The property needs to be held in trust for the SMSF by a Property Trustee and the SMSF must have the ability to acquire the legal interest in the property. The beneficial owner of the property will be the SMSF.

### Main benefits of this strategy:

- Your SMSF can purchase property worth more than the cash it holds through multiple instalments over the long-term.
- The Lender has no recourse to the other assets of the SMSF, providing the SMSF with absolute protection for its other assets.
- Your SMSF receives all income and capital growth even if the property has not been paid off.
- All rents are paid directly to the SMSF and these can be used to make the loan payments.
- Interest expense can be claimed as a tax deduction by the SMSF and potentially reduce your SMSF's tax liability.



**For further information please contact us on 9925 1222**

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**Corey Beauchamp - 0400 877 331**