Life is tough for the trustee of an SMSF. You need to juggle a wide variety of documents to ensure your fund remains compliant and you keep the auditors happy. But what do you need to keep and how best to do it?

Here’s six easy tips to ensure your fund runs efficiently and you don’t drown in a sea of paperwork:

1. **Remember the buck stops with you**

It’s important to remember that even if you use an accountant, financial adviser or administration service, in the end, trustees are ultimately responsible for ensuring they have proper and accurate tax and super records for their fund. Having detailed records also gives the ATO comfort your fund is well-run.

“The regulator likes to see more rather than less documentation on the administrative processes of a SMSF,” explains Peter Hogan, the SMSF Association’s Head of Education and Technical.

“The ATO will accept you’re running the fund properly if everything is fully documented and accessible.”

2. **Document as much as possible**

Transparent processes are essential for every SMSF as this allows the regulator or auditor to understand a decision and the trustees’ thought process.

“It’s important trustees document as much as they can of the decisions they make. Otherwise, when you’re asked later why you made a decision, you’re likely to have forgotten the prior deliberations,” says Hogan.

“All trustee minutes and decisions – even if handwritten – should be collected together and readily accessible.”

3. **Establish good processes**

Good record-keeping is also about setting up effective systems that make it easy to lodge the SMSF’s annual return and complete the independent audit.

All SMSF records need to be kept in writing and in English. Any electronic records must be verifiable by the
ATO and in a form it can access and understand.

“Being able to find things is very important, so having a simple system to create, manage and access the fund’s records is vital,” notes Hogan.

4. Keep detailed investment records

Without good record-keeping on investments and investment decisions, breaches can easily occur.

“The investment objectives and strategy should be living documents and should reflect the fund’s investments at all times. You should also keep prior versions of these documents,” explains Hogan.

Anything you can document should be, he says. “Often the regulator will ask why you made an investment decision and trustees with no documentation can’t justify it. There’s no penalty for a bad decision provided you made the decision in good faith and it’s appropriately documented to support that it was a reasonable decision at the time.”

5. Save time and money

Efficient record-keeping can reduce preparation time and expensive professional fees when it comes to auditing and fund administration tasks.

“The same questions will be asked in an annual audit as by the regulator, so ensure you have everything documented and on-hand. For example, if you change the investment strategy during the year, the auditor will want to see both the old and new investment strategies, as they will be signing off different strategies for each part of the year,” notes Hogan.

Good records also make it easier to get the best from the professionals engaged by the fund.

“If you use a financial adviser, they will need access to all the investment documents when developing a Statement of Advice, so ensure they’re readily available if you want useful investment advice.”

6. Keep permanent records secure

SMSFs must keep some documents indefinitely. “Trustees need to be careful and ensure these are safely retained, or you can find yourself in very difficult circumstances,” says Hogan.

Documents to be retained for the life of the fund include the trust deed, any deed variations, the investment strategy, reviews of the investment strategy and binding death benefit nominations, even when no longer valid.

“These form part of the governing rules of the fund and bind the trustees to act in certain ways, so they’re very important.”

Key documents should be securely stored and protected against possible loss due to disasters, such as fire
or technological failure.

**How long to keep SMSF records?**

Trustees need to keep the following records for a minimum of five years:

- Accurate and accessible accounting records that explain the transactions and financial position of your SMSF.
- An annual operating statement and an annual statement of your SMSF’s financial position.
- Copies of all SMSF annual returns lodged.
- Copies of transfer balance account reports lodged.
- Copies of any other statements required for lodgment with the ATO or provided to other super funds.

The following records need to be kept for a minimum of 10 years:

- Minutes of trustee meetings and decisions (e.g. a review of the investment strategy).
- Records of all changes of trustees.
- Trustee declarations recognising the obligations and responsibilities for any trustee, or director of a corporate trustee, appointed after 30 June 2007.
- Members’ written consent to be appointed as trustees.
- Copies of all reports given to members.
- Documented decisions about storage of collectables and personal use assets.

*Source: ATO*

Want to keep one step ahead? [Sign up](#) for our monthly enewsletter, full of insights and tips to help you in your day-to-day.

Important: This article has been prepared without taking account of the objectives, financial or taxation situation or needs of any particular individual. Before acting on the information, you should consider its appropriateness to your circumstances and if necessary, seek appropriate professional advice. Any information used in this article is for illustrative purposes only. The SMSF Association is an external entity and not a member of the Commonwealth Bank of Australia Group of Companies (the Group) and the content or any view expressed by the SMSF Association and its employees does not represent an endorsement, recommendation, guarantee or advice in regard to any matter. CBA, nor members of the Group accept any liability for losses or damage arising from any reliance on external parties, their products, services and material. Past performance is no guarantee of future performance.
Because of this, you should consider its appropriateness, having regard to your objectives, financial situation and needs and, if necessary, seek appropriate professional advice. If a Product Disclosure Statement is available in relation to a particular financial product, you should obtain and consider that Product Disclosure Statement before making any decisions about whether to acquire the financial product. Any securities or prices used in the examples on this website are for illustrative purposes only and should not be considered as a recommendation to buy, sell or hold. Past performance is not indicative of future performance. Articles featured on this website do not represent an endorsement or recommendation in regard to any particular matter, company, product or service discussed. Australian Investment Exchange Limited (AUSIEX) and its related entities do not accept any liability for losses relating to this material. This material does not represent advice and must not be relied upon as advice. Articles on Empowered are neither a summary nor an exhaustive statement on any matter.

This site is directed and available to and for the benefit of Australian residents only. Share Trading and Portfolio Administration and Reporting are services provided by Australian Investment Exchange Ltd (AUSIEX) ABN 71 076 515 930 AFSL 241400, a Participant of the ASX Group and Chi-X Australia. AUSIEX is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia (CBA) ABN 48 123 123 124 AFSL and Australian credit Licence 234945. Lending products under the CommSec Adviser Services brand are provided by CBA. Investment Loans are administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited (CommSec) ABN 60 067 254 399 AFSL 238814, a participant of the ASX Group and Chi-X Australia.

Contact us
E: CommsecAdviserServices@cba.com.au
P: 1800 252 351