

● IN SPECIE (SUPERANNUATION) CONTRIBUTIONS

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In specie contributions are superannuation contributions that are made using assets other than cash.

An in specie contribution can include shares, managed funds and real estate.

An in specie contribution can be accepted by a superannuation fund if it is permitted within the superannuation fund's trust deed.

Benefits of an in specie contribution can include:

- There is no time out of the market.
- Savings in buy/sell transaction costs and potentially stamp duty
- Transfer of business asset or business real property into a self managed superannuation fund (SMSF) can assist with ongoing continuance of a business and family succession planning
- Additional superannuation contributions from SMSF members can be used to pay out the outstanding loans on contributed business real property.
- Income earned by transferred assets are added to superannuation fund returns, which are taxed concessionaly in superannuation. The tax payable may be lower than your personal marginal tax rate.
- A personal tax deductible contribution may be available

HOW IT WORKS

An in specie contribution is valued at market value and can only be made if the individual receiving the contribution is allowed to contribute under the superannuation rules.

While an in specie contribution can be sold within a superannuation fund like any other investment, it can not be accessed by a member until they have met a condition of release.

WHAT YOU NEED TO CONSIDER

- CGT generally will apply to the in specie contribution, even if the beneficial owner is a single member fund. An eligible individual may be able to claim part or all of the amount contributed as a personal tax deduction. You should seek tax advice to review your individual capital gains strategy and timing.
- Stamp duty varies on a state basis. You will need to check with your local State Revenue Office whether stamp duty will be incurred.
- There is no obligation on a superannuation fund to accept an in specie contribution. You will need to refer to the relevant trustee deed or the fund's Product Disclosure Statement.

- For SMSFs, a person who is a related party of the fund can make an in specie contribution provided the asset contributed is permitted by superannuation law (listed securities, widely held trusts or business real property). Transfers of residential property from a member are not permitted.
- An in specie contribution made to a SMSF must not be used for personal use.
- You will need to complete paperwork, such as Application forms, Off Market Transfers or a Contract of Sale documentation, so may also incur additional costs such as legal expenses or stamp duty.
- The government may change legislation in the future.

REFERENCES



You may wish to refer to the following websites for further information about in specie superannuation contributions:

- www.ato.gov.au
- www.moneysmart.gov.au

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

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