

News

NEW GEARING PACKAGE FOR SMSF TRUSTEES

By [Damon Taylor](#) on 27 June 2011 0 comments

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Self-managed super fund (SMSF) administrator Multiport has launched an SMSF gearing package as an extension to its core administration services.



Aimed at both financial advisers and SMSF trustees themselves, the service covers all aspects of documentations and loan applications, thereby ensuring that the trustee's desired purchase can take place in a timely and efficient manner.

Commenting on the new service, Multiport chief executive John McIlroy said that he had seen a marked increase in the number of SMSF gearing enquiries over the last 12 months from both advisers and trustees.

"SMSFs now form the largest component of the superannuation market and continue to grow at an annualised rate of over 20 per cent per annum," he said. "But the rules around gearing a property in an SMSF are complex, and its essential to tailor the right loan to suit the needs of the trustee.

"There remains confusion around the process and what needs to take place in order to complete the purchase smoothly ... this solution fills the void."

Recep Peker (pictured), analyst at financial services research house [Investment Trends](#), also acknowledged that gearing was on the rise within SMSFs.

"Our survey last year showed the number of SMSFs using gearing going up gradually," he said. "But I would also point out that that is off a small base.

"Back in July 2008, there were about 13,500 SMSFs using some form of gearing within their fund and that increased to 29,000 by April 2010," continued Peker. "Now while I don't have the numbers from Investment Trends' upcoming *SMSF Investor Report*, I think that SMSF gearing has continued to go up."

Peker said that it was also interesting to note that within Investment Trends' *High Net Worth Investor Report*, the use of gearing was noticeably coming down.

"So what seems to be happening is that they're doing less gearing outside their super but more gearing within their SMSFs," he said.

Asked whether the increased use of gearing was a sign that SMSF investors were becoming more sophisticated, Peker declined to comment.

"But we do SMSF planner and accountants' reports as well and in terms of what they say, I think it might be more awareness-driven than anything else," he said. "For instance, when we asked investors last year how likely they were to use geared products in the next 12 months, we had only 3 per cent saying 'I was not aware that I could borrow to invest in an SMSF'.

"And that can be contrasted with just over half of our respondents, who said that while they were aware that borrowing to invest was possible, they unlikely to do so."



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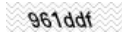
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