



Over 75,000 SMSF's plan to borrow

Paul Benson | January 21st, 2011 - 10:44 am



According to the latest research by [Investment Trends](#) the use of gearing by SMSF's more than doubled in the year to April 2010, and a further 40% increase is anticipated in the year ahead.

The 2010 SMSF Borrowing Report found 75,500 SMSF indicated that they intended to acquire assets through the use of borrowings in the next 12 months.

Borrowings are being used by SMSF trustees to acquire both shares and property, although property seems to be the more popular.

The rise of gearing as an important strategy option for SMSF's seems hardly surprising. Gearing as a form of wealth creation works best for long term investments, and superannuation, through its preservation rules, is very well suited to long term investments. The fact that assets held through to retirement may end up CGT free further helps make the case for this strategy.

If you are looking to borrow to invest in either shares or property, consider whether a Self Managed Super Fund is the appropriate entity through which to implement your strategy. The tax benefits may be substantial. 75,500 Australian's are telling you something!

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