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Podcast Transcript

Episode Title: How Self-Managed Super Funds Can Be Used to Purchase Property
Host: Graham (Speaker 2)
Guest: Paul Denny (Speaker 1)
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Transcript

Graham (00:00.180)

It's 12 minutes to eight, and Ian's not in the chair today, I am, but it's great to catch up with a bloke whom I normally just open the front door for, but now I'm talking to in the flesh, and that's Paul Denny from Bowral Conveyancing Centre. G'day mate, how you going?

Paul (00:16.000)

G'day Graham, how are you?

Graham (00:17.000)

Not too bad, not too bad. Now I know there's a lot of questions about this because, let's face it, a lot of money goes into super and people like to use that kind of money in regard to buying property or what have you, but you've got the pros and the cons.

Paul (00:27.278)

Well, I have, and look, one thing I have noticed in recent years is a lot more people are actually using self-managed super funds and they really don't know what to do with them. So good morning to all the tradies out there who have been on the tools for an hour already. I know a lot of you have got a self-managed super fund. There are professionals, there are medical people, etc. And the question comes, "Can I buy property?" Well, the answer is yes, you can, but there are rules. Compliance. So the first thing that you should do is talk to your administrator, which is generally your accountant, just to find out what you can and cannot do. Next thing to do is to find a property. Now, you can't buy your own property, your own house.

Graham (01:13.500)

Because a lot of people think, "This will be pretty crash-hot because I'll be able to find a place, I'll buy it through the super and I'll live in it."

Paul (01:20.000)

That's right, but you can't do that. So it has to be an investment property, which is usually commercial. And then the other question is, can I borrow money? Well, the answer is yes, but it's hard. You need to speak to a good mortgage broker because there are only limited lenders that will lend on a super fund. You will find that you won't be able to borrow 90%; it's more likely to be 65%, maybe 70%. It's a bit more expensive and more complex.

One other interesting aspect of this is that there are plenty of professional people who actually own property already. They might have a consulting room or they might have a workshop or whatever. Their super fund can actually buy that property from them and put it into the super fund. And guess what? There's a concession for stamp duty available on that. It's only $750.

Graham (02:04.148)

Makes a big difference, doesn't it?

Paul (02:05.500)

It makes it possible. Again, it's complex. There are all sorts of compliance rules, etc. around that which we can handle. But it can be done and it's a way for people who are approaching retirement to say, "Okay, well, I've been in these rooms or in this workshop for 20 years. Let's get it in the super fund and rent it out to somebody else and use that as income for my retirement."

Graham (02:29.000)

Look, the simple fact of the matter is they need to talk to somebody like yourself. Because you've been doing it since, what, 1978, I think, haven't you?

Paul (02:37.000)

1978, about to tick over 46 years.

Graham (02:40.000)

Wow, good on ya. Yeah, 1978 from now and of course learning all the way about the ups and downs and roundabouts of the market and what have you. If you want to talk to somebody that's experienced, talk to Paul. Now Paul, how can people contact you or get involved in having a chat about the super thing?

Paul (02:54.232)

Easy. bowralconveyancing.com.au. Contact me through there.

Graham (02:58.000)

Simple as that. Thank you for your advice.

Paul (03:00.000)

It's a pleasure.

Graham (03:00.500)

Thanks for dropping in.

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Key Information

Website: www.bowralconveyancing.com.au