



Considerations when refinancing your SMSF loan

While refinancing may be beneficial for your self managed super fund, there are crucial factors to consider before heading down this path.

INTEREST RATE

Since the interest rate has a lasting impact on your loan repayments and in turn your super balance, it is not surprising for the interest rate to be the prevailing reason for your decision to refinance.

As the major lenders no longer offer finance for SMSF funds, you will need to turn to a range of financial institutions that may consider taking on your SMSF finance. Please speak with our SMSF finance specialist who has access to a range of SMSF lending options to help you with this. It is 'super' important to ensure you are indeed in front with the savings before making a switch.

FEES AND COSTS

The interest rate is not the only factor that impacts your super balance. When shopping for an SMSF loan, it is important to also consider the additional fees your super may have to pay. **These may include:**

- loan application and ongoing fees
- exit/discharge fees
- valuation fee
- settlement fee
- break costs (if you are refinancing within a fixed term), and
- any government fees to register/transfer the security property.

Our SMSF finance specialist will introduce you to a range of SMSF loans for you to consider, inform you of any fees you may need to consider and how they compare with the fees of your current loan.



TERMS AND CONDITIONS

Aside from wanting a better interest rate and lower costs, you may want to refinance for more favourable terms and conditions.

It is quite common for SMSF loans to have extremely specific terms and conditions your fund has to follow.

These can be anything from:

- the amount of funds your super needs to have, and
- how often you can make repayments.

Regardless of your reason to refinance, it is crucial to carefully read the terms and conditions of the SMSF loans you're considering.

DOCUMENTS YOU NEED TO REFINANCE

Lenders usually assess your application based on your income from the superannuation fund tax returns and the rental income received.

When applying for an SMSF refinance you will be required to provide specific supporting documents such as:

- Certified copy of the SMSF Trust Deed
- Certified copy of Custodian Trust Deed
- SMSF audited financial statements and tax returns (2 years)
- SMSF bank statements (12 months)
- Rental statement/lease agreement for security rental property

MOST IMPORTANTLY – LET'S NOT FORGET THE ATO RULES

Ensure your new SMSF loan is adhering to the rules and regulations set by the ATO to prevent an audit of your fund and its investment.