

**SMSF Owners' Alliance applauds ASIC crack-down on unlicensed investment promoters.**

14 May 2015

It is good to see ASIC taking action in the courts to crack down on unlicensed advice to self-managed superannuation funds.

ASIC announced today that it is seeking orders in the Federal Court to ban certain individuals from providing financial services after their involvement in the misuse of \$4.5 million raised from self-managed funds.

The SMSF Owners' Alliance fully supports ASIC's crackdown on dodgy property and other investment schemes promoted by unlicensed 'advisers'.

Setting up a self-managed fund is a serious commitment and the trustees are obliged by law to consider their investment decisions carefully and to act in the best interests of the members of the fund.

The responsibility to assess the quality of advice before acting on it rests with the trustees and they have no redress if they act on poor advice and cause losses for fund members.

Setting up a self-managed fund as a vehicle to borrow money for dubious investment 'get rich quick' schemes that leave the fund heavily geared with over-valued assets is likely to end in tears.

In keeping with the sole purpose test, the sole motivation for setting up an SMSF should be to save for a financially secure retirement and to make prudent investment decisions consistent with that goal.

SMSF trustees should aim to establish a portfolio of solid investments – generally including a mix of cash, shares, bonds and property – that offer capital growth and reliable earnings that will build fund assets and generate an adequate income in retirement.

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