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Self Managed Super Fund Owners Need to See an Adviser Now

According to Adelaide-based Financial Strategist, Theo Marinis, owners of Self Managed Superannuation Funds (SMSF's) need to see an experienced and qualified financial adviser immediately to help them re-assess their portfolio following the potential halving of their wealth as a result of the recent sharemarket turmoil, dubbed the Global Financial Crisis (GFC).

"Over the last few weeks, I have been made aware of the enormous financial hit suffered in the SMSF sector, with many invested exclusively in Australian equities. The people I have been seeing and talking to had always believed they did not need a Financial Adviser nor did not see the need to pay for advice. They are rethinking their position now," Theo said.

"One individual I have been talking to had a SMSF balance of $1.2 million not so long ago, the same as one of my long term (non-SMSF) clients. The SMSF has halved in value as it was invested exclusively in blue chip shares. My client's portfolio is today worth $1 million – a loss of $200,000. However, my client is $400,000 better off because they had been advised all along to take a more cautious investment approach and essentially buffer themselves against any possible downturn."

"SMSF owners do not necessarily need to roll their funds into a pre-set structure such as a master trust. They will find that if they negotiate with a reputable financial adviser they will be able to pay him/her a fee for advice and then implement the appropriate strategy themselves, although this is not the best approach in my view."

"The best approach involves working closely on an ongoing basis with a financial strategist who truly invests funds for their clients for the long term, rather than speculating as most amateurs tend to do when investing."

"In that way the financial and investment strategist will keep their clients on track with their long term strategy, rather than trying to pick which stocks or fund managers to choose and when to switch into and out of cash, a flawed and very risky 'investment approach'!"

"The Australian sharemarket turmoil, as a consequence of the GFC, has hit the SMSF sector very hard. In the boom times, it seemed anybody could make a 20 per cent plus return on their blue chip assets and so thousands of SMSF's were created because individuals thought they were avoiding 'unnecessary' costs by doing things on their own."

"However, the world has now changed and a vast portion of the SMSF sector is operating without proper, conservative, strategic investment advice which would protect people when the difficult times arrived – especially in the case of funds paying pensions. As the world's most successful investor Warren Buffett said: 'Only when the tide goes out do you see who has been swimming naked!'"

"A financial strategist will help the SMSF trustees to appropriately restructure their portfolio to ride out the current uncertainty and position themselves to take advantage of the inevitable upswing which will come in the future. Also, a good financial strategist will assist the trustees in ensuring their planning strategy is correct and the fund compliance is up to date.

"I believe SMSF's have a place in the superannuation landscape where fantastic investment strategies can be implemented, especially in relation to property and more 'exotic' assets."

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"However, they are definitely not for everyone and I believe many trustees have commenced a fund without knowing their responsibilities. Personally, I do not understand why most individuals would bother trying to manage all the bureaucracy required by the ATO as well as having to keep up to date with the latest legislation, especially when the same outcomes can be achieved very cost effectively with some fully functional wraps and master trusts."

"At the very least, SMSF trustees should enlist the help of a financial adviser to assist them in deciding whether an SMSF is the right structure to hold their retirement savings."

"Perhaps some accountants and financial 'advisers' have simply established SMSF's because this is what the client thought they wanted. Unfortunately, these advisers may not have explained all the pros and cons of SMSF and the alternatives; maybe they do not fully understand them themselves."

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