



**SMS003 SMSF Strategic
Advice**



Subject outline

SMS003 SMSF Strategic Advice

Section 1 — General information

1.1 Administrative details

Duration	Credit points	Level
One study period (12 weeks)	6	AQF8

1.2 Core or elective subject

This is a core subject for the Graduate Certificate in Self managed Superannuation Funds.

1.3 Delivery mode

This subject is delivered online.

1.4 Prerequisites

There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

1.5 Assumed knowledge

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed SMS001 SMSF Best Practice and SMS002 Understanding SMSF Trustees, or understand the content covered in those subjects, prior to undertaking SMS003 SMSF Strategic Advice.

1.6 Course transition subject equivalence

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.



1.7 Work integrated learning

There are no placements, internships or work experience requirements associated with undertaking this subject.

1.8 Other resource requirements

Students do not require access to specialist facilities and/or equipment to undertake this subject.

Section 2 — Academic details

2.1 Subject overview

This subject focuses on issues involved when applying valuation methodologies and processes in valuing a business, as well as providing an understanding of where strategic advice opportunities exist for trustees/members that have SMSFs or are interested in setting one up. It examines the steps required to realise each of the opportunities explored using examples and case studies and explores complex strategies that can be utilised by an SMSF at various stages of its lifecycle.

Students conduct an in-depth analysis of the sophisticated financial instruments available and how they can assist with achieving SMSF fund goals and objectives. The assessments provide students an opportunity to apply their learnings via conceptual and case-study based short- and long-answer questions.

2.2 Subject learning outcomes

On successful completion of this subject, students should be able to:

1. Elaborate on the differences and similarities between SMSF strategic financial advice and comprehensive SMSF financial advice, with reference to the literature.
2. Research and explain the strategic purpose of a range of contemporary SMSF strategies.
3. Model a range of strategies to achieve fund/trustee objectives.
4. Explain to trustees the identified strategy, the associated benefits, risks, restrictions and how it supports the SMSF strategic objective.

2.3 Topic learning outcomes

Topic 1 — Identifying SMSF strategic advice opportunities

On successful completion of this topic, students should be able to:

- identify and list the key characteristics of SMSF trustee/member segments for consideration when providing SMSF strategic advice
- define the benefits trustees/members value in relation to SMSF strategic advice
- identify advice gaps trustees may have in meeting their SMSF trustee obligations
- match trustee/member values and needs with SMSF opportunities to provide strategic advice
- understand the regulatory regime applicable to the provision of advice to trustee/member segments.

Topic 2 — Limited recourse borrowing arrangements

On successful completion of this topic, students should be able to:

- identify and provide appropriate and timely advice in regards to gearing in SMSFs that considers trustees' SMSF risk profile
- identify and provide advice in regards to the advantages and disadvantages of gearing inside SMSFs for investing appropriately in assets using an LRBA
- provide advice around the limited recourse borrowing rules in regards to gearing inside SMSFs
- identify the appropriate insurance needs for SMSF trustees when gearing inside SMSFs.

Topic 3 — Alternatives to gearing

On successful completion of this topic, students should be able to:

- identify and provide appropriate and timely advice on the use of structures to achieve ownership of property for an SMSF using these structures
- identify and provide advice on the advantages and disadvantages of using these alternative structures when compared with gearing inside SMSFs using an LRBA
- provide advice on the relevant rules that apply in different trustee circumstances and the appropriate strategy response
- identify when it may be appropriate to gear the different interests in the alternative structures.

Topic 4 — Insurance inside versus outside an SMSF

On successful completion of this topic, students should be able to:

- identify and provide appropriate and timely advice on the use of insurance to achieve appropriate outcomes for trustees and/or members of an SMSF
- identify and provide advice on the advantages and disadvantages of owning particular types of insurance either inside or outside superannuation
- provide advice on the relevant rules that apply in different circumstances and the appropriate strategy response.

Topic 5 — Investment strategies in an SMSF

On successful completion of this topic, students should be able to:

- provide appropriate, timely advice that ensures the SMSF's investment objectives and strategy are consistent with the members' risk profiles and the broader circumstances of the members and the fund
- identify when an SMSF's investment objectives and strategy needs to be drafted and/or modified to ensure they are consistent with and/or considerate of the members' risk profiles and broader circumstances of the fund
- ensure advice in regards to an SMSF's investments is consistent with the SMSF's investment objectives and strategy
- detail what trustees are required to minute when adopting or changing the SMSF's investment objectives and strategy
- explain the liabilities that a licensed adviser faces in providing SMSF investment advice without considering the SMSF's investment objectives and strategy.

Topic 6 — Small business CGT relief

On successful completion of this topic, students should be able to:

- identify the client segments that may benefit from the small business CGT concessions when disposing of business assets
- discuss the small business CGT concessions that may be available to business owners selling their business
- outline the basic eligibility requirements for the small business CGT concessions
- explain the specific eligibility requirements for each of the small business CGT concessions
- explain how the small business CGT cap applies and allows contributions to be made as a consequence of the individual CGT concessions available
- determine the division of advice between financial advisers, tax agents and accountants when providing advice in relation to the small business CGT concessions.

Topic 7 — SMSF estate planning

On successful completion of this topic, students should be able to:

- identify the advantages of an SMSF in meeting estate planning needs for each SMSF segment
- understand the estate planning process under superannuation law and the different ways estate planning objectives can be achieved in the SMSF environment
- ensure that a member's will is appropriate to meet their broader estate planning needs and combines with the rules in the SMSF trust deed appropriately
- ensure a member's SMSF binding death benefit nominations dovetail with their will
- assess whether the broader estate planning strategy is adequately funded and recommend insurance if a shortfall exists
- identify appropriate referral opportunities when effectively executing a member's estate planning strategy for dependants of the deceased member (including spouses and children).

Topic 8 — Pensions

On successful completion of this topic, students should be able to:

- explain to trustees what process they must follow to start a pension in an SMSF
- ensure appropriate tax treatments are in place to handle SMSF pension and accumulation requirements (considering the needs of members and trustees of their SMSF)
- articulate the ways in which pensions can be stopped and the consequences of pension liabilities ceasing.

Topic 9 — Personal succession

On successful completion of this topic, students should be able to:

- understand the important principles to consider when providing succession planning advice
- identify at-risk areas in certain circumstances and provide alternative solutions to mitigate that potential risk
- be able to identify which particular professional should be involved in providing certain advice depending on the licensing requirements applicable.

2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Online Quizzes	4 multiple choice quizzes	Weeks 3, 5, 7 & 9	1-9	20%	LO1–LO4
Assignment 1	Short and long answer questions	Week 6	1-5	30%	LO1–LO4
Assignment 2	Short and long answer questions	Week 12	1-9	50%	LO1–LO4

Please refer to our website <www.kaplanprofessional.edu.au> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

2.5 Prescribed text

Leow, J, Murphy, S & CCH Australia Limited 2019, *Australian master superannuation guide 2019/20*, 23rd edn, Sydney, CCH Australia, North Ryd

2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Identifying SMSF strategic advice opportunities	8 hours
2	Topic 2: Limited recourse borrowing arrangements	8 hours
3	Topic 3: Alternatives to gearing Online Quiz 1 (Weighting: 5%)	8 hours
4	Topic 4: Insurance inside versus outside an SMSF	14 hours
5	Topic 5: Investment strategies in an SMSF Online Quiz 2 (Weighting: 5%)	14 hours
6	Topic 6: Small business CGT relief Assignment 1 (Weighting: 30%)	14 hours
7	Topic 7: SMSF estate planning Online Quiz 3 (Weighting: 5%)	8 hours
8	Topic 8: Pensions	8 hours
9	Topic 9: Personal succession Online Quiz 4 (Weighting: 5%)	8 hours
10	Work on assignment	10 hours
11	Work on assignment	10 hours
12	Assignment 2 (Weighting: 50%)	10 hours
Total minimum study load		120 hours

Additional study hours (if required), dependent on knowledge and personal commitments	20 hours
Total study load, including additional study hours	140 hours