

q&a

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Q2: Is it possible to combine my wife's superannuation fund into my super account? Her account balance is small so would it make sense to combine them to maximise growth and reduce fees?

Withheld, Gordon

A2: The short answer is no, you cannot combine your personal super account with your wife's. Superannuation accrues as a personal entitlement and as such can only be held in an individual's name.

While combining accounts could reduce total fees paid (should each account have an account keeping fee) and rolling smaller balances into a larger balance would allow the smaller balance to grow quicker (as balances less than \$1,500 generally do not grow over time due to fees payable) this thinking cannot generally be applied to accounts with different owners.

The only way to share administrative costs and allow smaller balances to benefit from the growth opportunity of larger account balances, would be through the establishment of a self managed superannuation fund. This is due to the fact that while you still have entitlement to your own specific super account, the underlying funds can be grouped for administration and investment management purposes.

Before establishing your own fund you need to consider establishment fees, annual ongoing administration fees, tax return preparation, audit and possibly professional investment advice, and the likely active involvement and extra responsibility required as a super fund trustee. You should also consider whether other strategies - such as super contribution splitting or spouse contributions - would help you achieve an effective account balance without the need for a self managed super fund.

Some Certified Financial Planners do specialise in providing advice to self managed super fund trustees as part of their overall financial planning needs.

Phil Thompson is a certified financial planner and authorized representative of Rise Financial Pty Ltd (ABN 86350987645), AFSL 311718, an Approved Financial Planning Association Professional Practice. Answers should be used as a general guide only and professional advice should be sought before making investment decisions.

Send your financial questions to phil@risefinancial.com.au