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SMSF investment requirements

About SMSF investment requirements, including the sole purpose test, and additional support.

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About SMSF investing

Investments you make for your self-managed super fund (SMSF) must be in accordance with your fund's trust deed and superannuation laws.

Super laws require you to prepare an investment strategy for your SMSF, which is your plan for making, holding and realising assets. It should set out why and how you've chosen assets to meet your fund's investment objectives and members' retirement goals.

There are investment requirements that trustees must follow. Your investments must:

- meet the sole purpose test
- be made on a commercial arm's length basis and always reflect true market value
- show clear legal ownership by the fund
- meet specific restrictions on investments.

Sole purpose test

Any investment your SMSF makes needs to be made and maintained for the sole purpose of providing retirement benefits to your members, or to pay death benefits if a member dies before retirement.

A contravention of one or more of the super laws may indicate that there has been a breach of the sole purpose test. This can include if you or a related party obtains more than an incidental personal financial benefit when making investments, for example:

- if the asset provides a pre-retirement benefit to a related party, such as holidaying in your SMSF investment property
- if you or a related party receive a personal reward when investing your fund's assets in a particular investment group
- if the fund invests in collectables such as art or wine, and a trustee, member or related party displays or stores these assets in their private residence.

A contravention will occur if your investments do not meet the sole purpose test. This means your SMSF will not be eligible for tax concessions and the trustees of the SMSF could face a range of compliance actions such as penalties.

Additional support

You need financial and legal knowledge and skills to manage your SMSF investments.

Before making any decisions about investments, consider getting help from a licensed financial advisor or SMSF professional.

You can also request SMSF specific advice to understand how superannuation law applies to a particular transaction or arrangement.

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SMSF crypto requirements

Requirements for SMSFs' when investing in crypto assets.

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Investing in crypto assets through your SMSF

Your self-managed super fund (SMSF) can invest in crypto assets – including cryptocurrencies, utility tokens and non-fungible tokens (NFTs).

Like any SMSF investment, crypto assets must comply with the superannuation laws, your fund's trust deed and your investment strategy.

Check your trust deed allows crypto assets

Your SMSF can only invest in crypto assets if your trust deed allows this type of investment.

If your deed does not permit it, seek advice about whether the deed should be updated before the SMSF acquires crypto assets.

Review and updated your investment strategy

Before investing in crypto assets, you'll need to review your SMSF's investment strategy and update it if necessary.

Your strategy should explain how crypto assets fit within the fund's overall objectives. It also needs to show that you've considered the risks associated with this type of investment, such as:

- significant price volatility
- liquidity constraints
- hacking or theft
- scams or fraudulent activity
- loss of private keys and access to the asset.

Document the decisions you make and how the fund intends to manage these risks.

Your investment strategy should continue to support members' retirement goals and reflect the fund's circumstances. Review it regularly and update it when your investment approach changes.

Keep SMSF assets separate from personal assets

You must keep your SMSF's crypto assets separate from your personal or business assets.

This means:

- crypto assets must be held in a way that identifies them as belonging to the SMSF
- the SMSF must control the wallet or custody arrangement
- SMSF crypto assets must never be stored in a personal wallet
- personal and fund assets must not be mixed.

Valuing and keeping records for crypto assets

At 30 June, you'll need to work out the market value in Australian dollars for any crypto assets your SMSF holds. To do this, use a reputable and independent source that publishes historical pricing data, and keep evidence of the value you used and how you worked it out. For example, you may use the 30 June closing price from a digital currency exchange that provides historical data.

Your SMSF also needs to keep accurate and complete records to show that the fund owns and controls its crypto assets, and that personal and fund assets are kept separate.

Your records should include:

- wallet addresses linked to the SMSF
- transaction history (buying and selling)
- statements or reports from any exchange, broker or custodian
- documentation supporting valuation methods and dates
- evidence showing custody or storage arrangements
- trustee minutes and decisions about crypto asset investments.

If your SMSF uses a hardware or software wallet, keep records showing that the fund controls the private keys.

Your records will help your auditor confirm ownership, separation of assets and year-end values.

Pension and benefit payments

If your SMSF is paying a pension, the payment must be made in cash. A transfer of crypto assets cannot be used to meet pension payment requirements.

If a member has met a condition of release, the fund may make an in-specie lump sum payment by transferring crypto assets. This type of transfer is a disposal by the SMSF and may have capital gains tax implications. Make sure your records clearly show any transfers and the reason for the payment.

If something goes wrong

If you become aware of a potential compliance issue, such as missing records, incorrect asset separation, or a mistake involving crypto assets, you can use the SMSF early engagement and voluntary disclosure service to work with the ATO to resolve the matter.

QC 108295

Ownership of SMSF investments

Recording your SMSF as the owner of its assets and when you need to update ownership documentation

Last updated 2 April 2025

Media: SMSF - Separation of assets
https://tv.ato.gov.au/media/bd1bdiubfi6z96 (**Duration:** 2:20)

Who to record as the owner of assets

Your self-managed super fund (SMSF) must be the legal owner of all fund assets.

Investments must be held separately from any personal or business assets.

By keeping the ownership separate, you are:

- protecting the assets from creditors
- preventing disputes over proof of ownership.

Insurance should also be in the name of the SMSF.

Recording SMSF ownership

Depending on your SMSF's structure, where possible, fund assets should be held in the name of either:

- the individual trustees 'as trustees for' the fund – for example, 'Micah and Grace Tari as trustees for the Tari Family Super Fund'

- the corporate trustee 'as trustee for' the fund – for example, 'ABC Pty Ltd as trustee for the Tari Family Super Fund'.

Assets that can't be held in the SMSF's name

Some state and territory laws may prevent your SMSF from holding assets using the fund's name.

If assets can't be held in the SMSF's name, fund ownership must be clearly established. You can do this by either:

- executing a caveat
- creating an instrument or declaration of trust.

Trustees should seek legal advice about how they can do this.

If possible, documents such as sale agreements should be executed in the name of the trustees 'as trustees for' the SMSF.

If other situations prevent holding assets in the SMSF's name, such as share trading accounts that don't allow multiple trustees to be listed, document the names of all individual trustees in your fund's records as owners of the shares.

If trustees join or leave the SMSF

If an individual trustee joins or leaves your SMSF, you must change the names on the ownership documents for each fund asset. Document this change in your records, along with clear evidence to support the SMSF's ownership of the asset.

If you have a corporate trustee structure and there is a change in directors, you don't need to change the names on the SMSF's ownership documents. This is because the corporate trustee of the SMSF has not changed.

Limited recourse borrowing arrangements

If your fund uses a limited recourse borrowing arrangement (LRBA) to purchase an asset, the asset is held in a separate trust outside of the SMSF to ensure the other fund assets are protected if the loan defaults.

If the asset is:

- currently under an LRBA, the holding trust must be listed as the owner
- no longer under an LRBA, the SMSF must be listed as the owner.

QC 23322

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