

# THE TRUSTEE

The publication that keeps you informed and in control.



## INSIDE THIS EDITION:

- PAGE 02** WELCOME
  - PAGE 04** FEATURE – Key Financial Metrics Every Trustee Should Know (*continued*)
  - PAGE 06** FEATURE – Why this metric is important? (*continued*)
  - PAGE 07** FEATURE – Personal Taxation Savings
  - PAGE 09** Stress Testing your SMSF – Are you ready for Market Shocks?
  - PAGE 11** Quick Facts: Superannuation Shifts You Shouldn't Ignore
  - PAGE 11** Pension Phase & Drawdowns: Why SMSFs Lead the Way
  - PAGE 12** Just the Facts with Shish: Ensuring Your SMSF Benefits Go Where You Intended
  - PAGE 13** EDITORIAL – Enjoying the Ride
  - PAGE 14** The Team behind Supervision Group
- GET STARTED >>**

# The Trustee



## Season's Greetings FROM SUPERVISION

As we enter the Australian summer—a time for celebration, reflection, and relaxation—we would like to extend to you and your families our warmest wishes for a very **Merry Christmas and a Happy New Year**.

The Supervision team has worked tirelessly throughout the year and truly deserves some well-earned rest after such a busy and productive period.

### What We're Most Proud Of in 2025

This year, we've achieved a lot, but the **work we're most proud of is our Investment Strategy documentation initiative**.

An investment strategy is the cornerstone of your SMSF. Historically, auditors have not examined these strategies in detail. However, over the past 18 months, the ATO has significantly increased scrutiny, prompting auditors to review your documents more thoroughly.

To help you stay compliant, we've been working closely—both over the phone and in person—to complete these strategies.

The shared experience has been described as:

***“interesting, frustrating, insightful, illuminating, rewarding, complicated, challenging, and thought-provoking.”***

Not bad for a compulsory compliance document!

If you haven't completed your investment strategy yet, time is running out. We won't be able to assist if you don't act soon. **Book a time—we're ready to help.**



# Thank You FOR YOUR SUPPORT

We deeply appreciate your incredible support over the past 12 months. While the world has faced its share of international tensions, the Australian economy has remained strong—though inflationary pressures have trimmed real gains. The employment market is extremely tight, with unemployment near zero for skilled workers.

Most of our clients in business have enjoyed excellent trading conditions, posting record revenues and profits. WA is thriving with rising housing prices and massive export volumes. Grain producers are harvesting bumper crops, albeit at lower sale prices.

It's been a year of remarkable activity, and we hope these good times continue in a sustainable way.

## What's next in 2026

We're always excited about the future. So, if we look into the crystal ball, here's what we see coming:

- Division 296 Tax (Version 2) – Expected to be legislated after the more controversial elements are removed.
- Increasing ATO Scrutiny – Greater focus on SMSF investment strategies and valuation accuracy.
- AI-Driven Automation – Smarter tools delivering real-time SMSF insights and compliance alerts.
- Open Banking Expansion – More seamless bank feeds and data integration for trustees.
- Investment Trends – Sustainability-focused assets, private markets, alternative investments, and inflation-hedging strategies will dominate conversations.
- SMSF's remain highly desirable – The number of new SMSF's being established has hit record highs this year and does not look likely to abate.



The major themes above are relatively safe bets, but outside of that, it is anyone's guess as to what 2026 holds and just as well, the unknowns make life worth living.

This edition will focus on practical things you can do to make the best decisions for your SMSF. We hope that you have a go at some of the calculations and use the free tools available in "My Portfolio" after you login.

Have a great time with your loved ones, stay safe, stay healthy and most of all come back in the New Year to work on your SMSF with Supervision.

**CHRISTOPHER HOMER**  
Director





# FEATURE ARTICLE

## KEY FINANCIAL METRICS EVERY TRUSTEE SHOULD KNOW

### Key SMSF Metrics

# HOW TO MEASURE PERFORMANCE &

## WHY PERFORMANCE METRICS MATTERS

Whilst increasing your member balance is extremely positive, there are more metrics that you should know to create certainty about your trajectory. This feature article has been created to help you understand meaningful financial metrics.

### Net Return on Investment (ROI)

According to Investopedia, ROI is "a ratio that measures the profitability of an investment by comparing the gain and loss to its cost. It helps assess the potential return on stocks or business ventures. ROI is usually presented as a percentage and can be calculated using a specific formula".

## HOW ROI WORKS

### Method 1

$$\text{ROI} = \frac{\text{Net Return on Investment}}{\text{Cost of Investment}} \times 100\%$$

### Method 2

FVI = Final Value of investment  
IVI = Initial Value of investment

$$\text{ROI} = \frac{\text{FVI} - \text{IVI}}{\text{Cost of Investment}} \times 100\%$$

You can apply ROI on any investment inside of your SMSF.



**Example: Share investment in FMG**

Geoff purchased 1000 FMG shares last year for \$15.00 (\$15,000). On the 30th of June, Geoff's shares were worth \$20.00 per share and he received a \$720 dividend plus \$216 Franking Credit. The brokerage with Totality was \$3.00.

**This is how to calculate his Return on his investment:**

$$\text{ROI} = \frac{(\$20.00 - \$15.00) \times 1,000 + \$936 - \$3.00}{\$15.00 \times 1,000} \times 100\%$$

$$\text{ROI} = \frac{(\$5.00) \times 1000 + \$936 - \$3.00}{\$15,000} \times 100\%$$

$$\text{ROI} = \frac{\$5,000 + \$936 - \$3.00}{\$15,000} \times 100\%$$

$$\text{ROI} = \frac{\$5,933.00}{\$15,000} \times 100\%$$

$$\text{ROI} = .3955 \times 100\%$$

$$\text{ROI} = 39.55\%$$

ROI can be calculated for each individual asset, a group of Assets (such as a share portfolio) or your total SMSF. ROI can be calculated during a specified period as per the above example, or over the life of the investment. If you want to find out the annual rate of return, you will need to divide the total percentage by the number of years you have held the shares.

**Simple Dietz Method**

Our software (Class Super) calculates SMSF Investment returns (All SMSF Assets) for any period that you select. The simple Dietz method works like this:

$$R = \frac{B - A - C}{A + C/2}$$

**Where,**

**R** is the portfolio "rate of return"

**A** is the beginning market value

**B** is the ending market value

**C** is the net external inflow during the period (Flows out are negative and flows in are positive)

This method takes a global view of your portfolio and works like this.

$$R = \frac{\text{Ending Market Value} - \text{Beginning Market Value} - \text{Net External Inflows}}{\text{Beginning Market Value} + \text{Net External Inflows}/2}$$

Christine wants to calculate her SMSF's return for the year so far. The SMSF started the year with the balance of \$880,000. So far in the first 6 months, the value of the portfolio has grown to \$950,000. She has contributed \$15,000 to the SMSF from her employer. The cost to the SMSF has been \$2,000.

$$R = \frac{\$950,000 - \$880,000 - \$13,000}{\$880,000 + \$13,000/2}$$

$$R = \frac{\$57,000}{\$446,500}$$

$$R = 7.833\%$$



Please note that the above calculation has already been completed for you, if you log into your portfolio online (under the "performance" tab). All you need to do is select the timeframe that you require. You can go back to when the SMSF started or look at years at a time. If you do go back in time, you should divide the number of years to create an annualised rate of return.

### Why this metric is important?

ROI is important because it provides a more realistic view of performance as it considers costs. ROI allows Trustees can compare different investment options depending on the results of your current ROI. ROI encourages a long-term view of investing. If returns are consistent, you can project forward where you may be in the future. If the returns are not what you need to reach your targets, then you may need to adjust your investment strategy.

### What to avoid?

Looking at one year in isolation or historical results is not always a reliable indicator of future performance. Some markets like property can experience below average returns for an extended period and then explode in short periods of time. Shares can also fluctuate which may skew your calculations based on the day that you use to substantiate your data. So be careful deciding that an investment is not suitable after a short period of time.

## Liquidity Ratio

The liquidity ratio is critical because it measures the fund's ability to meet short-term obligations—such as paying pension payments, tax liabilities, and operating expenses—without having to sell long-term investments under pressure.

### How to Calculate Liquidity Ratio for SMSFs

#### Current Ratio

The higher the ratio, the higher the SMSF's liquidity position

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

#### The Quick Ratio

The quick ratio measures an SMSF's ability to meet short term obligations.

$$\text{Quick Ratio} = \frac{\text{Cash \& Equivalents} + \text{Marketable Securities} + \text{Future Contributions}}{\text{Current Liabilities}}$$

#### Example:

If your SMSF has a value of \$880,000 in total assets, \$15,000 in cash and term deposits and \$250,000 in Listed Securities, with a loan of \$200,000 (property loan) and \$15,000 repayments. Expected employer contributions of \$15,000 and expected insurance and administration costs of \$3,500:

$$\text{Quick Ratio} = \frac{\$15,000 + \$250,000 + \$15,000}{\$3,500 + \$15,000}$$

$$\text{Quick Ratio} = \frac{\$280,000}{\$18,500}$$

$$\text{Quick Ratio} = \underline{15.13}$$

In this scenario, the SMSF has \$15.13 of cash or cash equivalent for every dollar of future liability. We do not count the total loan amount as it is not a current liability, because repayments are due in the current year not the total amount of the loan.

What happens to this formula, when there are no further contributions going to be received and the SMSF must pay pensions to the members.

#### Example:

If your SMSF has a value of \$880,000 in total assets, \$15,000 in cash and term deposits and \$250,000 in Listed Securities, with a debt of \$200,000 (property loan) and \$15,000 repayments. Expected insurance and administration costs of \$3,500. Pension minimum of \$35,200:

$$\text{Quick Ratio} = \frac{\$15,000 + \$250,000 + \text{NIL}}{\$3,500 + \$15,000 + \$35,200}$$

$$\text{Quick Ratio} = \frac{\$265,000}{\$53,700}$$

$$\text{Quick Ratio} = \underline{4.93}$$



The above SMSF is in good shape for the upcoming year, albeit listed shares are listed as current assets. If you would not consider selling the shares, you will need to remove them from the calculations. If you would consider only selling part of the listed shares, you would only include the value of those shares in your marketable assets.

### Maximum Contribution, Personal Tax Reductions

Knowing how much you can contribute to Superannuation as concessional contributions is a calculation that will help you to save personal tax return. This calculation is provided online for you in "My Portfolio" under <Contributions> tab. This is how it works.

Available to Contribute = (Cap + Cumulative Available Unused Cap) – (Contributions made to your SMSF + Contributions made to other Superannuation Funds)

**Example:** Tammy has a member balance of \$485,000. Over the past 5 years, she has not met the maximum concessional contribution limit, which means that she has a combined unused amount of \$50,810.10. Because we are part way through the year, employer contributions of \$10,219.72 have already been made. Tammy has not made any contributions to any other Super funds. This year the legislated Superannuation concessional cap is \$30,000.

### Contributions Table

Annual Concessional Cap	\$30,000
Unused Available Cap	\$50,810.10
Contributions Made to SMSF	\$10,219.72
Contributions Made to Other Super Account	\$NIL
Available	\$70,590.38

#### Breakdown:

$(\$30,000 + \$50,810.10) - (\$10,219.72 + \text{NIL})$   
 $(\$80,810.10) - (\$10,219.72)$   
 \$70,590.38

### Personal Taxation Savings

Now that you know how much you could contribute to Superannuation, you can then determine personal tax savings, if you made contributions into Super. You need to provide your salaried income and any additional income that you are likely to receive prior to the end of the financial year.

**Example:** Tammy is on a salary of \$120,000 and she has an investment property which nets \$25,000 per annum. Tammy hasn't contributed more than her employer contributions (no salary sacrifice or voluntary contributions).

\$34,988.00	Basic Personal Tax on Income
24.13%	Average Tax Rate %
\$14,400.00	Projected SG Concessional Contributions for the year based on Salary
\$4,180.28	Remaining SG Contributions to be made by Employer
\$66,410.10	Additional Max Concessional Contributions that can offset personal tax
\$78,589.90	New Taxable Income Post Max Concessional Contributions
\$20,650.00	Potential Personal Tax Savings
9.89%	New Average Tax Rate %
\$9,961.52	Additional SMSF Tax Due to Additional Concessional Contributions Made
\$10,688.49	Total Tax Savings



This means that if Tammy contributed her maximum concessional contribution limit, she would save \$20,650 in personal tax and pay \$9,961.52 in Super, to net Tammy \$10,688.49 overall tax savings.

If you would like to save \$20K in personal taxation like Tammy, please arrange for a meeting with the team in the new year. It will be the best value meeting you have ever attended. If we can't save you more than \$1000 in tax, the meeting will be free.

We can also offer you a meeting to give you the power of these numbers. As mentioned, most of the numbers above are available for you in various forms online as part of our service. If you are not naturally inclined to understand how to read these reports, that is where we can step up to assist.

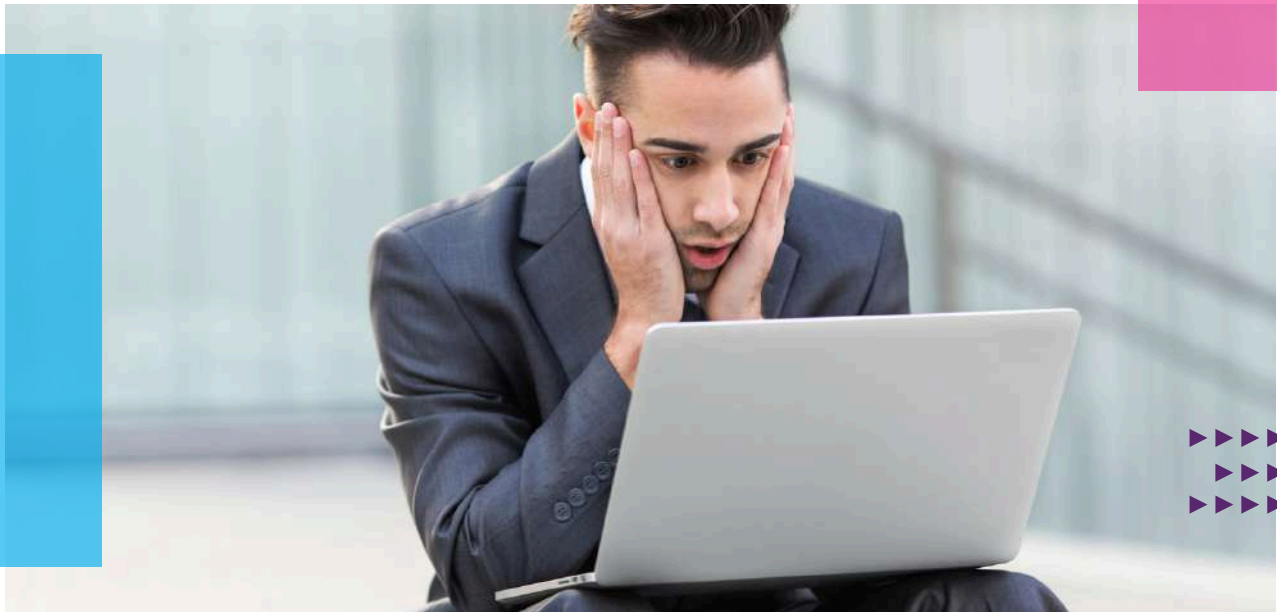


## NEED HELP

Click [HERE](#) to Schedule A Call



08 9367 9655



# Stress Testing your SMSF — Are you ready for Market Shocks? ✨

Assessing your current scenario is one of the smartest things you can do as a trustee. Stress testing your SMSF helps you understand how your fund would cope under tough conditions—such as interest rate rises, reduced income, or lower contributions.

### Why Stress Testing Matters

- Compliance: Ensures you can meet obligations like loan repayments and pension payments.
- Risk Management: Identifies vulnerabilities before they become problems.
- Peace of Mind: Gives you confidence that your SMSF can weather unexpected shocks.

## How to Stress Test Your SMSF

Start by using the Quick Ratio formula to measure liquidity under different scenarios:

$$\text{Quick Ratio} = \frac{\text{Cash \& Equivalents} + \text{Marketable Securities} + \text{Future Contributions}}{\text{Current Liabilities}}$$

A ratio above 1.0 means you have enough liquid resources to cover short-term obligations.

### Example: Single Property SMSF with Debt

- Rental Yield: 6% = \$48,000/year (\$4,000/month)
- Loan Repayments: \$45,000/year
- Cash: \$15,000
- Expected Contributions: \$15,000
- SMSF Expenses: \$3,000
- Property Contingency: \$5,000

#### Quick Ratio Calculation:

$$\frac{15,000 + 15,000 + 48,000}{45,000 + 3,000 + 5,000} = \frac{78,000}{53,000} = 1.47$$

Healthy liquidity—but what happens under stress?

#### Scenario 1: 4 Months Without Rent

$$\frac{15,000 + 15,000 + 32,000}{45,000 + 3,000 + 5,000} = 1.17$$

Still positive, but you'd need a backup plan for extra contributions.

#### Scenario 2: Illness Reduces Contributions by Half

$$\frac{15,000 + 7,500 + 32,000}{45,000 + 3,000 + 5,000} = 1.02$$

Barely covering obligations—cash reserves would be exhausted.



## Key Takeaway

Stress testing reveals how resilient your SMSF is. If your ratio drops close to 1.0, consider:

- Increasing cash reserves
- Adjusting contributions
- Reviewing debt levels - Can I get a better deal?

If you are concerned after completing these calculations, please reach out to our team for further assistance. There are a whole range of options that you may not be aware of.



08 9367 9655



[www.supervision.com.au](http://www.supervision.com.au)

# QUICK FACTS



## SUPERANNUATION SHIFTS YOU SHOULDN'T IGNORE

- SUPERANNUATION GUARANTEE (SG) RATE IS 12%.
- FROM JULY 1ST, 2026 (6 MONTHS AWAY), EMPLOYERS WILL BE REQUIRED TO PAY THEIR EMPLOYEES SG AT THE SAME TIME AS THEIR SALARY AND WAGES.
- CATCH UP CONCESSIONAL CONTRIBUTIONS HAVE BEEN UTILISED MORE BY WOMEN THAN MEN, NARROWING THE GENDER GAP.
- PEOPLE AGED 36-40 INCREASED THEIR CONTRIBUTIONS BY .9% AND 41-45 HAVE INCREASED THEIR CONTRIBUTIONS BY 1.4% DESPITE COST-OF-LIVING PRESSURES.
- AVERAGE DOWNSIZER CONTRIBUTION IN FY 25 IS \$275,979.
- WOMEN IN THE 55-65 AGE GROUP CONTRIBUTED 29.1% OF DOWNSIZER CONTRIBUTIONS COMPARED TO 23.1% FOR MEN.
- PEOPLE AGED 75-84 ARE THE AGE GROUP WITH THE LARGEST NUMBER OF MEMBERS WITH MORE THAN \$3 MILLION IN THEIR MEMBER ACCOUNTS.
- THE SMSF GENDER GAP LOWERED BY 5.5% IN FY 25.

## PENSION PHASE & DRAWDOWNS: WHY SMSFS LEAD THE WAY

Interestingly, people with SMSFs are far more likely to draw down on their superannuation balances than those with APRA-regulated funds (industry or retail). According to Class, 93% of SMSF members aged 65 and above are in pension phase, compared to only 49.2% of APRA fund members.

### Why the Difference?

This gap suggests SMSF members may:

- Have greater access to tax-saving strategies through their accountant or adviser.
- Hold higher balances, giving them more flexibility to start drawing down earlier.

### The Policy Push

The Australian Government is committed to reforming the retirement phase of superannuation to ensure the system delivers better outcomes for more Australians. The goal is clear:

- Encourage members to use super for its intended purpose—funding an amazing retirement, not leaving large balances as inheritances.
- Increase focus on retirement income strategies, not just accumulation.

### What It Means for You

If you're over 65 and still in accumulation phase, you may be paying more tax than necessary. Moving to pension phase can make earnings on assets tax-exempt, improving your retirement income.

### Want to know if you're making the most of your SMSF?

Book a session with Supervision—we'll help you review your strategy and ensure your super is working for your retirement.

# JUST THE FACTS WITH SHISH

## Hi Everyone,

We're dedicated to make your SMSF compliance and tax return requirements a minor part of your SMSF experience.

Our team is focused on providing the best experience for you at the highest possible standard, so that you can get on with creating an awesome investment strategy.



*Hi, its Shish back again. My role is reviewing your SMSF returns each year, examining financial statements and compliance issues for all clients. Hopefully you enjoy my insights.*

## ENSURING YOUR SMSF BENEFITS GO WHERE YOU INTENDED

### Estate Planning in Your SMSF: Why It Matters

Estate planning is often overlooked by SMSF trustees, yet it's one of the most critical responsibilities to ensure your members' benefits are distributed according to their wishes. Superannuation does not automatically form part of your estate, so relying solely on a Will can lead to unintended outcomes.

### Binding Death Benefit Nominations (BDBNs)

A BDBN allows members to specify who receives their super benefits upon death. Without a valid nomination, trustees have discretion, which can cause delays or disputes. Ensure nominations are:

- **Valid and current** (review every 3 years or sooner if circumstances change).
- Made to eligible dependants or the legal personal representative.

### Common Mistakes to Avoid

- Letting nominations lapse or become invalid due to incorrect wording.
- Assuming a Will overrides superannuation rules—it doesn't.
- Ignoring tax implications for beneficiaries, especially adult children.

### Action Steps for Trustees

- Review all member nominations annually.
- Confirm your trust deed supports BDBNs and reversionary pensions.
- Seek advice on tax-effective strategies for benefit payments.

Estate planning within your SMSF ensures peace of mind for members and protects against costly disputes. A proactive approach today can save significant stress for loved ones tomorrow.



# EDITORIAL

## ENJOYING THE RIDE

### ***MORE THAN MONEY: THE REAL PURPOSE OF YOUR SUPERANNUATION***

Is Your Super Working for Your Future—or Just Sitting There?



As I look back on this year, my 20th at Supervision, one thought keeps coming to mind: life isn't just about reaching the destination—it's about enjoying the journey. Superannuation is no different. Yes, we talk about compliance, tax strategies, and investment returns, but behind all of that is something bigger: freedom to live the life you want.

Too often, I see people so focused on building their balance that they forget why they started saving in the first place—to create experiences, not just numbers on a page. Retirement isn't about hoarding wealth; it's about using it to live well. Travel, family, hobbies, laughter—these are the real dividends. My outlook? Control what you can, prepare for what you can't, and have fun along the way. Stress testing your SMSF and understanding your numbers gives you confidence, but confidence should lead to action—action that makes life richer, not just your account balance.

So as we head into 2026, let's make a pact: plan smart, but don't forget to play. Your super is there to support your dreams, not gather dust. Let's make sure it does exactly that.

Thank you for working with us this year. Here's to a future full of good decisions—and even better memories.



08 9367 9655



info@supervision.com.au



supervision.com.au

# THE TEAM BEHIND SUPERVISION GROUP

## SUPERVISION SMSF

### Perth Office

**Michelle Quinn**  
Practice Manager

**Pina Reid**  
Client Services Manager

**Shishpal Rana**  
SMSF Manager

**Christopher Homer**  
Director of SMSF

**Clinton Reid**  
Managing Director

### Clarke Philippines Office

**Ronnel Valencia**  
Senior Accountant

**Calvin Quiron**  
Senior Accountant

**Danica Dizon**  
Senior Accountant

**Cyril Tullao**  
Senior Accountant

**Hanna Vergara**  
Accountant

## BUSINESS SERVICES

### Perth Office

**Grant Carslake**  
Senior Accountant

**Taylor Reid**  
Client Services

**Amy Kehoe**  
Senior Bookkeeper

### Clarke Philippines Office

**Joy Sanchez**  
Senior Bookkeeper

**Sheila Enerio**  
Bookkeeper

### India Office

**Dhanraj Suthar**  
Bookkeeper

**Saritha Muniraju**  
Bookkeeper

**Roshini Prakash**  
Bookkeeper

**Ragavendiran Sampath**  
Bookkeeper

# Reach out anytime

Get in touch via the desired contact method below:



## SCHEDULE A CALL

We'd love to connect!  
Send us an email to request a convenient time to answer your inquiry.



Phone Number

**08 9367 9655 or 08 9388 6999**



New Enquiries:

**info@supervision.com.au**



Office Address

**South Perth Office  
Level 2, 76 Mill Point Road, South  
Perth, WA, 6151**

Postal Address

**PO Box 879, South Perth,  
WA, 6951**

## DISCLAIMER:

**AI Declaration:** Digital tools were used to improve the readability and calculations contained in this publication. They have been checked by a human for accuracy. The AI that we use at Supervision is contained inside of our internal IT environment so none of your personal data has been shared outside of the organisation.

**Disclaimer:** The information in this publication is provided to our clients to update them on SMSF possibilities. It is not a substitute for personal financial advice and is general in nature only. It does not consider your personal circumstances. If you get excited by any of the information provided in this publication, please seek independent financial advice before taking any action that affects your financial wellbeing.