

Full Report / August 2014

FUTURE OF SMSF SURVEY AN INSIGHT INTO SMSF BUSINESS MODELS



The
SMSF
Academy



A joint research study by The SMSF Academy and BGL Corporate Solutions.

A big thank-you

We would like to take this opportunity to thank everyone who participated in the Future of SMSF survey. Your valuable time taken out of your busy schedules to complete the survey is truly appreciated.

We would like to acknowledge the support of our key partner in the Future of SMSF survey, [BGL Corporate Solutions](#), along with our support partners, [SMSF Advice](#), [Act2 Solutions](#) and [Paratus](#).

This inaugural report puts a 'stake in the ground'. The goal is to produce the Future of SMSF report as an annual publication to help professionals to better understand the SMSF sector and the future direction of SMSF business models.

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Disclaimer

The Future of SMSF report is a representative assessment of professionals currently providing services to SMSF trustees. Whilst every care has been taken in the collection and compilation of the data, the results contained within the report are interpretative and indicative, not conclusive. As a result, information within this report should only be used as a guide and should not be reproduced in any form without the express permission from The SMSF Academy Pty Ltd.

The results provide a reflection of professional activities within the SMSF space by fee revenue, specialisation and various segments relating to the SMSF sector. Where appropriate, some results have been excluded where a material amount of data was incomplete or the results are distant from other observations (outliers).

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A state of the art cloud SMSF administration solution



SimpleFund 360

"I've recently switched over from BGL Simple Fund to SF360 and whilst it's still relatively new it's going to revolutionise SMSF accounting. Supports bank feeds and provides daily share prices so you're going to get Xero style functionality but with better application. Will get even better as soon as registry data feeds are available and they support electronic lodgement of tax returns."

MICHAEL MAVROMATIS
FINANCIAL CONTROLLER AT FJM PROPERTY

Automation. Simple Fund 360 automatically loads bank, broker and registry data using BGL SmartPost to automatically allocate transactions. Fast, searchable grids sort and group transactions ensuring you have easy access to relevant and timely information.

Business Intelligence Reporting. An intuitive new reporting engine with investment and member dashboards makes accessing your SMSF data a breeze. Using the latest technology, Simple Fund 360 also allows you to customise ledger, financial, member and investment reports.

Connect the dots. Simple Fund 360 connects all the dots so actuaries, administrators, advisors, auditors and trustees can connect to SMSF data through a single application.

Robust General Ledger. A robust double entry General Ledger with smart automated data input and a multi category chart of accounts makes it simple for you to add, edit, delete and review transaction data.

Calculations. The same reliable and proven calculations that have been relied on by SMSF administrators for over 15 years and are used today by over 75% of SMSFs.

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BGL.

Foreword

BGL is delighted to have assisted Aaron Dunn and The SMSF Academy with the Future of SMSF survey.

The survey results will help our clients and the growing number of professionals to focus their SMSF businesses on the future. The SMSF industry is changing and it is important that you are at the forefront of this change.

The survey highlights the need for SMSF business professionals to step back and look at their service offerings and how those services will be delivered in the future. The need to put processes in place to handle the ever changing regulatory environment, improve the efficiency of administration and add strategic advice services is not necessarily new to our clients - but has again been highlighted.

The BGL product suite is evolving to meet these needs. Simple Fund 360 with data automation has been highlighted as a way to solve some of the current inefficiencies in SMSF administration and to set the path for future services.

Shift happens.



Ron Lesh
Managing Director
BGL Corporate Solutions Pty Ltd



An open letter to the SMSF profession

Dear Professional,

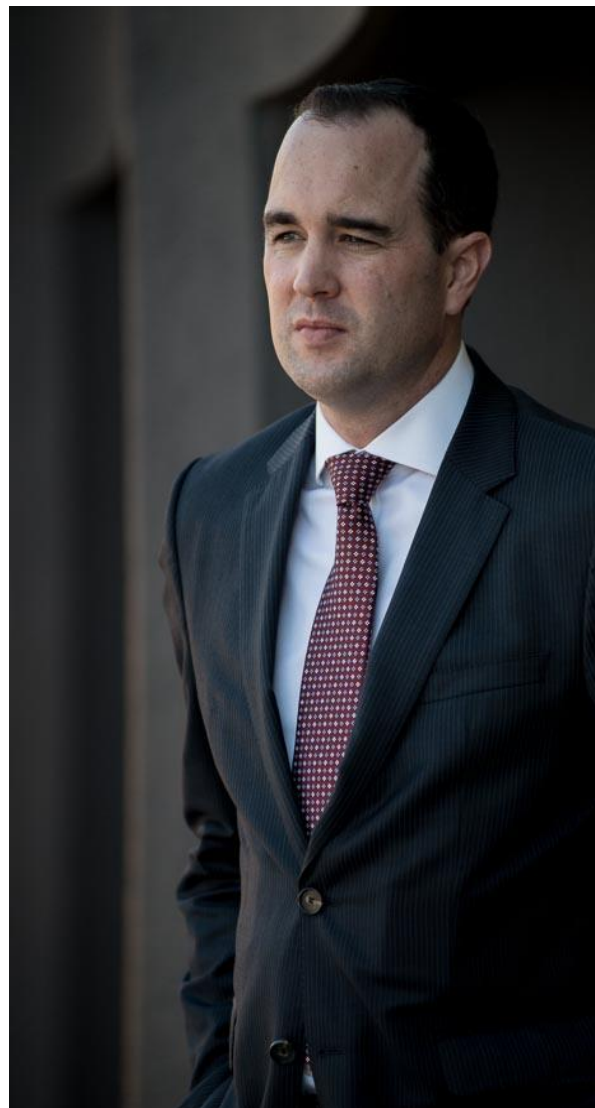
I am writing to you at a time when issues relating to the self-managed super fund (SMSF) industry are once again part of a Government review. The Financial Systems Inquiry's (FSI) interim report is posing questions of the SMSF sector's rise and potential issues with its continued growth.

It wasn't that long ago (June 2010) that the Chair of the Super System Review, Mr. Jeremy Cooper described the SMSF industry as 'well-functioning'. Many changes since this review have delivered a more robust framework for professionals and trustees alike within the SMSF sector. There are however, key issues to be confronted with superannuation (and SMSFs), in particular dealing with post-retirement issues of adequacy and longevity risk.

The continued growth of the sector has been a beacon for professionals to focus more closely on SMSFs. For some, the opportunity has spawned a specialist approach to the services they provide, whilst for majority the opportunity remains with SMSFs being an inclusive approach to their overall business.

It is a sector that I have worked within for most of my professional life (starting in 1996). In the mid-1990's these excluded funds (as they were known) filled in time within busy accounting practices and came with a shoebox full of information close to the due date of the tax return. Inefficiencies in reporting existed - lodging regulatory information to the ISC (now APRA), the tax return to the Australian Taxation Office (ATO) and paying the now supervisory levy independent of these other returns. I recall referring to 30 June share prices from the newspaper to journalise revaluations and the concept of SMSF-specific software was really in the embryonic stages.

A focus in the late-1990's on SMSF strategies began to evolve, in particular around RBLs and defined benefit pensions. Today, delivering strategies to provide better tax outcomes and



estate planning benefits remains at the forefront of client value for professionals.

Regulation shifted to the ATO in October 1999, with 187,000 funds being transferred. Since this time, the sector has grown to more than 530,000 funds, one million members and \$560 billion of total assets today.

On several occasions with regulatory change there was a belief from some segments of the financial services industry that it may spell the end of SMSFs. With each challenge confronting the sector, SMSFs have continued to grow.

In a sector acknowledged as being disruptive to the broader superannuation industry, the SMSF sector itself won't be immune from its own disruption. I believe these winds of change are upon us. You only need to reflect on the pace of change within society to realise what is upon us. Reflecting on the changes over the past decade is insignificant to what potentially lies ahead.

The next few years will see a significant impact on the delivery of advice and key services to SMSF trustees. A growing focus on specialisation, regulatory reforms, advancements in technology, and a changing dynamic of trustee types, all appear to be presenting a 'perfect storm' for professionals to position themselves and their business for the challenges and opportunities that lay ahead.

The Future of SMSF survey results demonstrate that the sector for the most part continues to operate as a 'cottage industry'. However, a seismic shift is underway. Many professionals see the opportunity to redefine their business model and plug into the ever-growing SMSF 'ecosystem', improving their value proposition to trustees (and other professionals) and ultimately their financial performance.

The SMSF sector is ripe for disruption, and larger institutions have already started making their move, taking an aggressive acquisition strategy to drive scale and efficiencies. However, this industrialised approach does not spell the death for the local practitioner, but it will require a greater focus towards specialisation, an uptake in technology, more competitive pricing, and building a clearly defined strategy to attract new clients.

There will be a continuing importance placed on SMSF specialisation but it is not the panacea for SMSF success. A disproportionate number of professionals remain unconvinced of the need for SMSF specialisation and its importance to be successful in this space. It presents a real challenge for the professional bodies to better articulate the benefits to its members to become a SMSF specialist.

For some professionals, remaining relevant will become a significant issue to retain their SMSF trustee clients. By relevant, I mean that their

current service-delivery approach needs to change. Over the coming years, I expect to see fee pressures rise and trustees questioning the value of what they get from this annual compliance approach. Many trustees (and their advisers) are already demanding more – how to manage key risks within the fund, including contribution caps, pension limits, their fund investment strategy and more.

*The inaugural
Future of SMSF survey
provides unique insights
into the way professionals
deliver a range of services
to SMSF trustees.*

A real opportunity in the future for the accounting professional lies within licensing (limited or full). Sure, with the growth of SMSFs there will continue to be opportunities to provide administration and compliance services, but technology and outsourcing, in particular with a globalised workforce, will put sizeable fee pressure on accountants (and to a lesser extent auditors) to undertake this work. With a large number of professionals having small proportions of SMSF revenues (and number of funds), many businesses with aging client bases simply won't be able to compete to attract new business once these trustees have gone.

Embracing technology will be pivotal in the future direction of the SMSF industry. Only now are we seeing the capabilities of integration and collaboration across professions to service the needs of trustees. The internet and use of technology with this SMSF ecosystem will only grow in importance - not just for professionals, but expect many trustees to become even more self-directed in their investment and retirement decisions.

With an ever-growing amount of information available about SMSFs, expect to see the emergence of more online communities to share information about investing, strategies and more.

In a sector acknowledged as being disruptive to the superannuation industry, the SMSF sector itself won't be immune from its own disruption.

The use of social media is growing amongst professionals and is a must use tool for professionals into the future. Strong representation already exists with professionals on LinkedIn - engaged communities online discussing key technical matters, including participation by the Regulator. This is just one of many new ways social tools are improving engagement amongst professionals and trustees. A growing number of businesses are successfully building social strategies to attract new business.

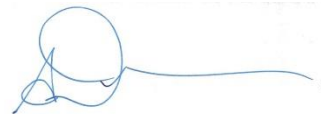
So what does this mean for you?

All of these things are going to require you to have a better understanding of the changing dynamics of the SMSF industry. How you listen and ultimately respond will dictate the future success of your SMSF business. That's in part why we have put this report together to help shed important light on how some businesses are truly positioning themselves to dominate in the sector.

It presents an exciting time to be a part of the SMSF sector. However, it's likely to require real change to embrace the opportunity ahead of you.

Are you ready for the future of SMSF?

Regards,



Aaron Dunn
Managing Director
The SMSF Academy



#futureofsmsf

ABOUT YOU AND YOUR BUSINESS

FUTURE SMSF BUSINESS

This section of the report provides information about the Future of SMSF survey sample size and the profile of respondents. It provides key insights into the type of professionals, the structure of their businesses, fee revenue and their activity within the SMSF sector.



1.1 Sample size & profile

The Future of SMSF survey was conducted from April to June 2014 and had 430 participants. Accountants (61%) represented the largest professional category, followed by financial planners (10%), administrators (10%) and auditors (9%).

More than 43% of respondents had been involved with providing services to SMSF trustees for more than 10 years, with a further 30% having worked within the area of SMSFs for more than five years.

The SMSF sector remains dominant amongst public practitioners. Whilst there is a growing number of SMSF specialist service providers (20%) or practices establishing an SMSF specialist division (14%), SMSFs remain within general practice for more than 45% of respondents.

Nearly half of the respondents operate as sole practitioners or single principal firms (48.6%), with a further 25% as two partner/director practices. In fact, more than 91% of respondents work within practices that have four or less business directors/partners. Given this partner profile, approximately 38% of respondents had total professional services revenue of less than \$300,000 per annum. The next largest segment was businesses with \$1.0m - \$1.5m (13.5%) of annualised revenue, followed by \$2.0m - \$3.0m (8.3%).

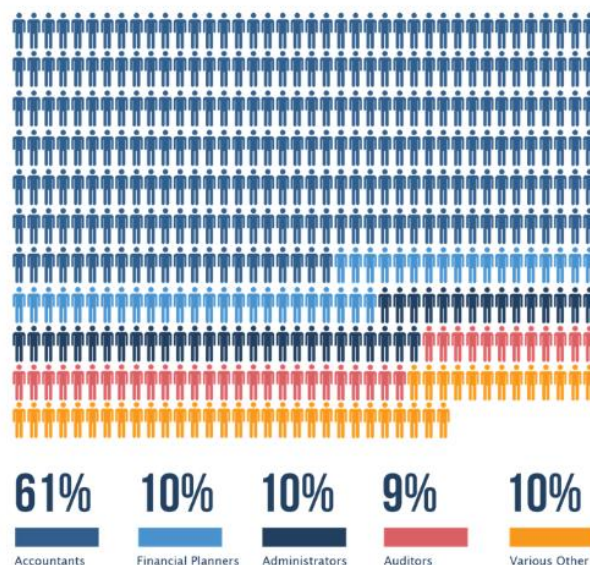


Figure 1. Sample size by profession

What best describes the type of business you operate providing SMSF services?



- Public practice - with specialist SMSF division
- Public practice - SMSF within general practice
- Financial Planning
- Financial Planning - Authorised Representative
- Financial Planning & Accounting Practice
- Specialist SMSF Service Provider

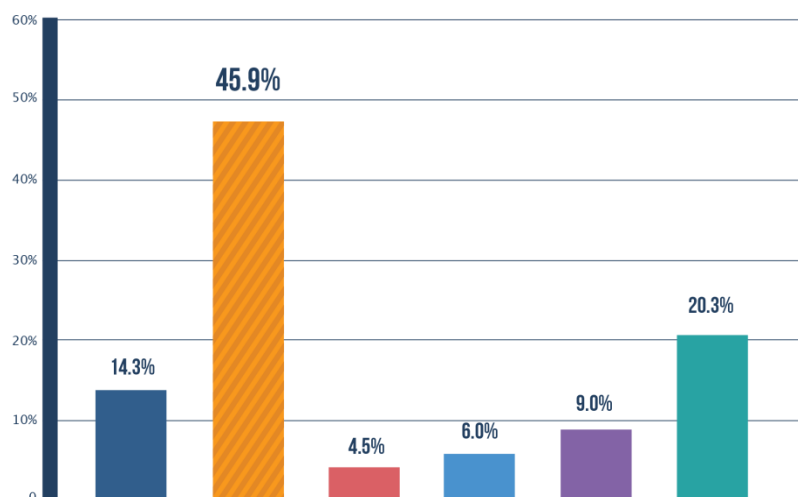


Figure 2. Type of business providing SMSF services

With many professionals providing SMSF services as part of their general practice, it is not surprising that 39% of respondents have SMSF revenues representing between 11% - 25% of their total fee revenue and a further 25% with less than 10% of total fee revenue. This appears consistent with statistics within the ATO's SMSF Statistical overview 2011-12¹ - of the 13,000 accountants or tax agents that lodged 2012 SMSF Annual

¹ ATO SMSF: A Statistical overview 2011-12, <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-statistics/SMSF/Self-managed-superannuation-funds--A-statistical-overview-2011-2012/> - published 16 December 2013

Returns; the average tax agent had 29 SMSF clients, with a median of 10 funds. Furthermore, the ATO indicates 52% of lodged had 10 or less, while 17% had a single SMSF client.

How much of your total revenue is generated by SMSF activities?

THE GROWTH OF SMSF SPECIALIST BUSINESSES

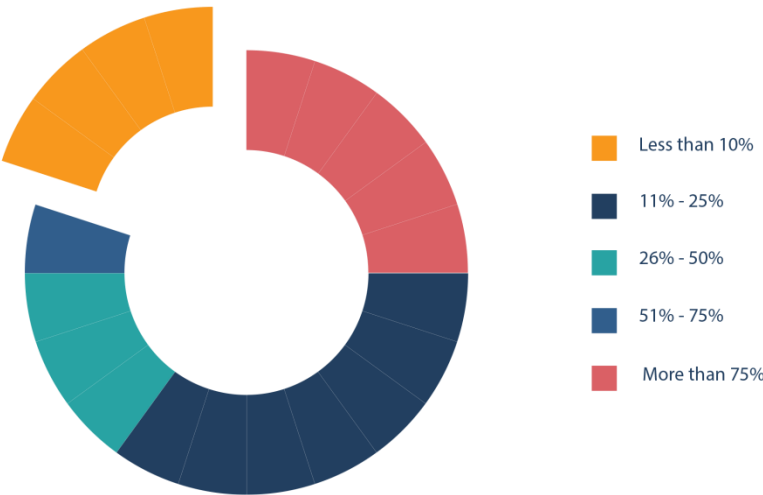


Figure 3. Fee revenue generated from SMSF activities

Conversely, with the continued emergence of specialist SMSF businesses across administration, audit and advice, approximately 17.5% of respondents had more than 75% of their total revenue generated by SMSF activities. Many of these SMSF specialist businesses appear to be in their infancy, with 61.7% of these providers having total revenue of less than \$500,000.

1.2 Number of SMSFs

With a majority of participants dealing with SMSFs as part of a broader general business, it is not surprising that a quarter of respondents have less than 20 SMSFs and nearly half deal with less than 50.

When looking at the number of SMSFs by revenue size, it is quite apparent that the bigger the organisation, the greater the number of funds that the organisation provides services to. For a business with turnover of less than \$500,000 the average number of SMSFs is approximately 56, with a median of 35. Interestingly, as you analyse this statistic by fee revenue, you do not necessarily see a proportionate increase in the number of funds. For example, a business generating between \$1.0m - \$1.99m, whilst having an average of 146 SMSFs, has a median of only 75 funds, just over double the median of the smallest segment. This is suggesting many new entrants focusing on SMSF specialisation coming into the market.

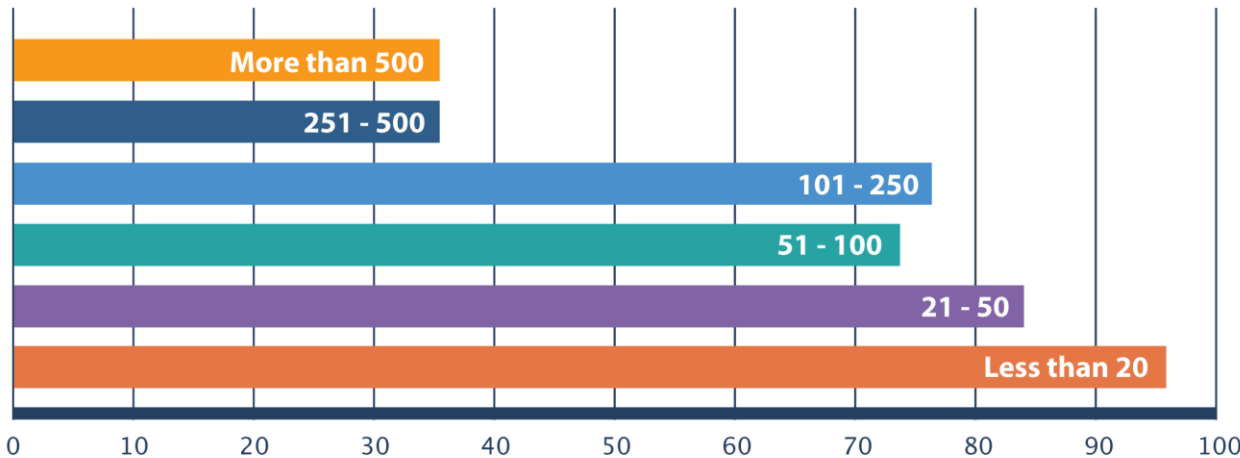


Figure 4. Number of SMSFs per business

The interest in these survey results appears to be a reflection of those professionals who are more active in the area of SMSFs. As you can see from Table 1 below, the number of businesses with less than 20 SMSF clients is significantly lower than that of the broader professional community dealing with SMSF trustees.

Table 1. Survey vs. ATO statistics - Total SMSFs

SMSFs	Survey	ATO – 2012 ²
< 20 funds	25.4%	66.3%
21 – 100 funds	40.6%	27.7%
101 – 500 funds	27.8%	5.8%
> 500 funds	6.2%	0.2%

1.3 Number of new SMSF clients established in the last 12 months

The ATO statistics show that in the 2012-13 financial year, 35,776 new SMSFs were established.

The survey results show that whilst 56% of respondents established less than 10 funds in the past 12 months, 10.7% of businesses are setting up in excess of 50 funds each year. Whilst not exploring specific establishment numbers beyond 50 funds, the statistics would suggest that more than 50% all of SMSFs established each year would be undertaken by just 10% of firms working with trustees.

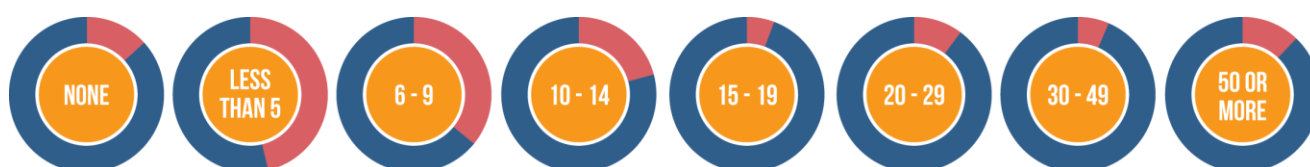


Figure 5. Number of SMSF established in past 12 months

² ATO SMSF: A Statistical overview 2011-12, <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-statistics/SMSF/Self-managed-superannuation-funds--A-statistical-overview-2011-2012/> - published 16 December 2013

1.4 SMSF Establishment Fee

The average establishment fee for a SMSF across all respondents was \$844. This fee does vary widely, ranging from free SMSF establishment, through to fees of \$2,000 or more. What is not understood is the different levels of 'value' provided based on the varying fees.

The median fee across most fee revenue segments is relatively consistent, however larger organisations (>\$10m) have a significantly different approach to capturing new SMSFs, with the average fee of \$511 and median at \$625.

In an increasingly competitive SMSF environment, we are seeing some specialist businesses drive the establishment fees down significantly. It is important however to distinguish between the 'commodity' of setting up a SMSF, as opposed to the advice and recommendation to establish a fund. With significant debate in the superannuation industry about costs and asset levels within SMSFs, it is critically important that professionals clearly articulate their value proposition in the establishment phase. This will ensure that your fee structure competes solely against those in your direct market and not more broadly within industry.

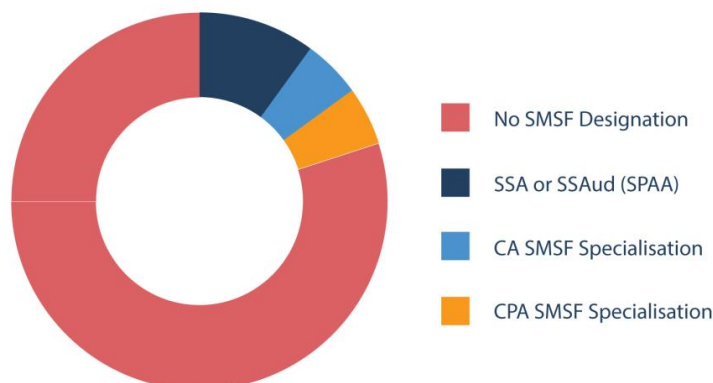


Average SMSF
establishment fee

1.5 Is it important to be an SMSF specialist?

Whilst many professionals are attracted to the growing opportunities of the SMSF sector, to date the uptake of further education and training to become a specialist has been relatively low. Only over the past couple of years have the accounting bodies looked to create a specialist designation to compete with the SMSF Specialist Adviser (SSA) and SMSF Specialist Auditor (SSAud) provided through the SMSF Professionals Association of Australia (SPAA).

With the new limited licensing regime in full effect from 1 July 2016, many accountants are giving a greater level of attention to their education and training requirements to further specialise within the SMSF sector.



20.47%

Currently hold an SMSF
specialist designation

Figure 6. What SMSF specialist designation do you have (if any)?

Figure 7 shows that nearly one-third of professionals are looking to obtain a specialist designation in the coming 12 months, however an equal number still appear unsure of the direction to take.

With many accounting professionals considering a licensing solution from 1 July 2016, it is expected that the uptake to SMSF specialisation will only grow. This pressure will also grow on financial planners from within the respective dealer groups as the need to develop specialist skills within the self-managed super fund sector becomes more prevalent.

It provides an opportunity for the existing professional bodies providing SMSF specialisation to capture what is a growing and captive audience, along with an opportunity within the financial planning profession to providing a specialist designation for their members as well.

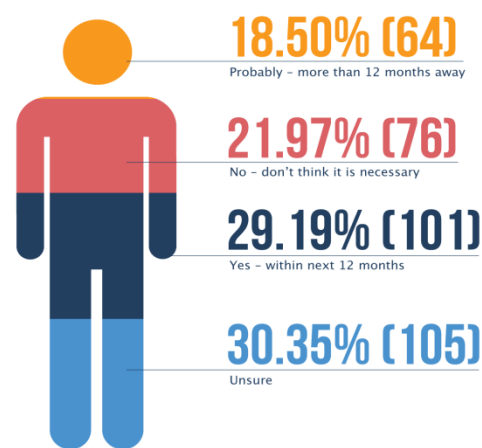


Figure 7. Becoming a SMSF specialist?

1.6 Does an SMSF specialist business do it any better?

A growing number of professionals are focusing themselves and their businesses within the SMSF sector. It is apparent that individuals and businesses that have a specialist focus have a far greater proportion of fee revenue derived from SMSF activities.

The average level of fees generated by SMSF activities across all respondents ('Generalist') is approximately 31.4%. Those who operate a specialist SMSF business or practice with a SMSF specialist division ('Specialists') have fee revenue with SMSF clients nearly 20% higher at 50.4%. This is also reflected in the average number of funds SMSF specialists provide services to – specialists (226) on average have 72% more SMSF clients than generalists (131).

Approximately 22% of these specialist businesses have established more than 50 new funds during the last financial year. The survey did not ask respondents to provide specific numbers beyond 50 or more SMSFs.

With a growing level of specialisation by practitioners within the SMSF sector, we are also seeing a difference in the fees charged for undertaking compliance and administration services. The average fee revenue for specialists was \$2,037 and \$2,371 for generalists (16% higher). This difference represents a growing competitiveness within the SMSF administration landscape as many businesses look at improving the delivery of services to SMSF trustees.

Average fee charged for administration and compliance services

\$2,037 vs. **\$2,371**
Specialists Generalists

approximately 32% of firms increased fees by 10% or less. This was similar with generalists, with 36% increasing fees by 10% or less.

Fee pressures appear to be consistent amongst all businesses offering SMSF services. Whilst 42% of specialists retained their average fee level in the past 12 months, This was similar with generalists, with 36%

1.7 What are specialists doing differently (if anything)?

The uptake of automation is higher amongst specialists to generalists. Approximately 64.3% of specialists use some level of data feeds within their business compared to 59.9% of generalists. Specialists are ahead in all categories of automation with the exception of actuarial certificates - the use of automation is identical (49.5%). The recent introduction of actuarial certificate automation is a great example of the technological improvements to drive efficiency gains with practitioners. The survey suggests the benefits gained through this process have been accepted faster than any other level of data automation and poses a great opportunity for other service providers to get this integration piece right with key SMSF software providers.

The table below outlines some differences with automation between specialists and generalists:

Table 2. Specialist vs. Generalist - doing things differently

	Specialist	Generalist
Use of data automation with SMSF clients	64.3%	59.9%

Of those using data automation, they use data automation for:

Bank data feeds	92.6%	86.7%
Share/Broker feeds	50.6%	42.2%
Wrap platform feeds	37.0%	30.7%
Actuarial certificates	49.4%	49.5%

Many of the challenges are the same!

It appears that many of the challenges remain the same between specialists and generalists, with the main issue across all respondents being identified as keeping up with legislative change and maintaining an adequate level of SMSF knowledge within the business. The constant use of superannuation as a political football whilst on face value may appear good for 'business', it does pose a significant challenge for practitioners to keep their skills (and that of their team) up to date in this specialist area of superannuation.

The following table provides a summary of the key findings comparing SMSF specialists to SMSF generalists:

Table 3. SMSF Specialists vs. SMSF Generalists

	Specialist	Generalist
Average percentage of total fee revenue generated by SMSF activities?	50.4%	31.4%
Median percentage of total fee revenue generated by SMSF activities?	50%	17.5%
Average number of SMSFs currently providing services to?	226	131
Median number of SMSFs currently providing services to?	175	75
Average number of new SMSFs in the past 12 months?	27	17.5
Median number of new SMSFs in the past 12 months?	17.5	7.5
Average fee charged for fund establishment (excl. corporate trustee - where applicable)	\$846	\$886
Median fee charged for fund establishment (excl. corporate trustee - where applicable)	\$625	\$825
Average fee charged for SMSF compliance and administration services?	\$2,037	\$2,070
Median fee charged for SMSF compliance and administration services?	\$1,750	\$1,750
- fixed annual fee	39.7%	33.0%
- Time cost (annual)	27.7%	43.0%
Percentage of businesses using any data automation with SMSF clients?	64.3%	59.9%
Percentage of businesses using cloud technology with SMSF clients	46.8%	44.8%
Online access to clients	62.0%	39.3%
<i>Rank (out of 8) the main issues confronting you and your SMSF business today?</i>		
- Keeping up with legislative change	1	1
- Competitive pricing and fee recovery	2	2
- Attracting new SMSF clients	3	3
- Educating clients	4	4
- Creating business efficiencies	5	5
- Technology	6	7
- Identifying prospect trustees	7	6
- Internal staff & resourcing	8	8

1.8 SMSF services being provided

The average number of SMSF services provided by respondents is 4.67. There doesn't appear to be any distinct difference between specialist (4.60) and generalist (4.69) practices. Fund compliance services were offered by more respondents than any other, representing 71.4% of professionals. Generalist practices dominated this category with 85% of respondents providing these SMSF compliance services.

Fund establishment services closely followed with 70% of all respondents. Again, generalists ranked highest with 82% of respondents setting up SMSFs. With the establishment of SMSFs requiring licensing from 1 July 2016, it will be interesting to follow this statistic in the coming years.

Specialists are represented far more strongly amongst administration services (59%) and audit (56%) against generalist practices (Administration – 44% and Audit – 36%). These two areas are seeing strong growth amongst specialists in providing both business-to-consumer (B2C) and business-to-business (B2B) offerings.

The number of services provided across practices of different fee levels is significant. Businesses with revenue of less than \$500,000 provide on average 3.52 SMSF services. This is significantly lower than other fee revenue brackets, reflecting the very narrow focus some professionals are taking within the industry (e.g. SMSF audit only).

The number of services grows to 4.48 for businesses with fee revenue of \$500,000 - \$999,999 and continues to grow to 6.58 services for larger practices (revenue >\$5,000,000). This greater level of diversification allows practices to provide more wholistic services to SMSF clients, covering investment, insurance, lending and more.

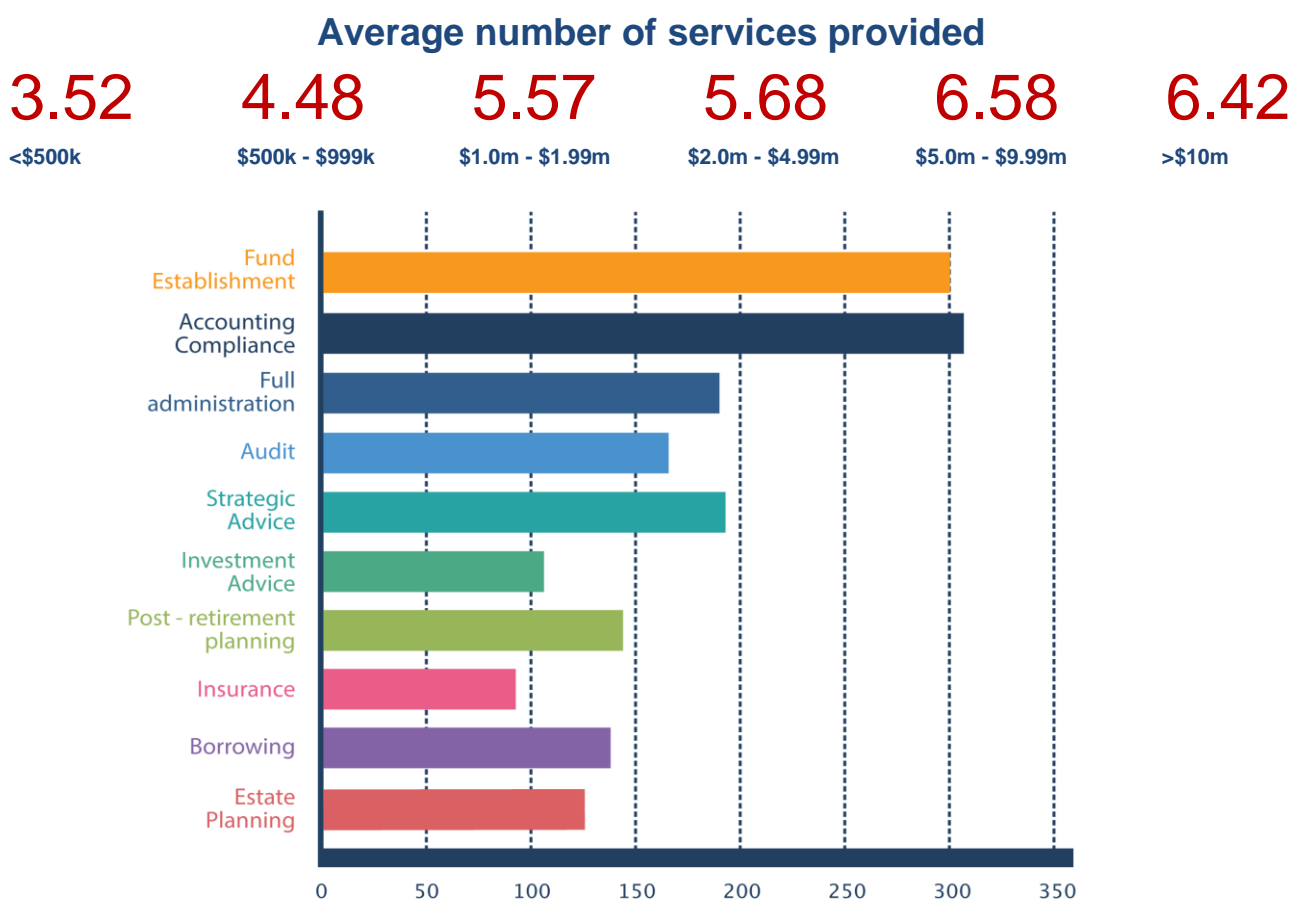


Figure 8. SMSF services provided to trustees

1.9 Specialist SMSF business divisions

As the number of SMSF clients grow within a business, the need comes for the principals to drive greater specialisation and efficiency in their service offering. Figure 9 shows the growing importance of SMSF specialisation across the respondents, with 54% demonstrating a level of specialist capability within their business.

When looking at this statistic on a fee revenue basis, it becomes far more apparent that specialist resources are linked to the size of the business.

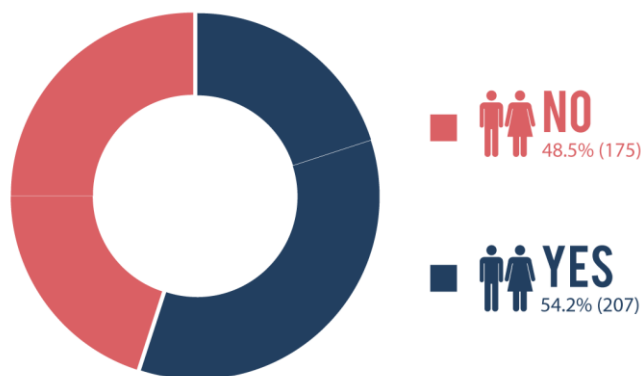


Figure 9. SMSF Specialist capability within business

34.6% of respondents with less than \$500,000 of fee revenue with a SMSF specialist team member or division. As you work through the fee ranges, the focus on specialisation grows in importance. For example, a business with fee revenue of \$2.0m - \$4.99m, show that nearly 3 in every 4 practices have a SMSF specialist focus within their business, and firms with greater than \$10m now always have devoted resources to SMSFs.

75%

Firms with fee revenue
between \$2.0m - \$4.99m
that have a SMSF
specialisation with the
business

This issue also readily links to the uptake of technology, in particular data automation. For small businesses, only 40.5% of respondents believe data automation plays an important role in the delivery of SMSF services. Compare this to 87% of businesses with fee revenue of \$2.0m - \$4.99m and the number is even higher with large firms. The belief that automation doesn't deliver efficiency gains is a myth. Some respondents in particular with smaller fee parcels raise this notion of not gaining automation benefits simply due to size. Devoting adequate resources towards building capable SMSF operations remains the biggest challenge for many business owners, and without a willingness to change, it is expected that this will only stagnate growth.

Bank data is the most commonly used data automation, with 86.7% obtaining feed of bank transactions. There has also been a significant uptake in the last few years in the number of businesses using actuarial certificate automation through the software. This is an excellent example of efficiency gains obtained through technology. Only a few years ago, actuarial certificates needed to be applied for by re-keying data into spreadsheets or completed online. Now, the ability for these applications to be pre-populated online using the data from specialist SMSF software has significantly reduced the time and costs of applying for these certificates.

It is important to note that automation is not just a function of moving to the "cloud". Whilst significant benefits are being obtained by businesses moving to cloud to drive automation, these benefits have been and will continue to be obtained through desktop applications including Banklink or via direct feeds with bank providers, wrap platforms, actuarial certificates and more.

1.10 Trustee structure - Fact or fiction?

The most recent ATO statistics continue to show more than 9 in every 10 new SMSFs being established with individual trustees.

With more than 72% of all SMSFs having individual trustees it is somewhat surprising that professionals strongly recommended corporate trustee structures (91.3%) over individual trustees.

If it is readily acknowledged within the SMSF professional community that a corporate trustee is a far superior trustee structure, why do the ATO statistics show the complete opposite of what we recommend?

The primary reasons given by respondents for choosing individual trustees over a corporate trustee was the prohibitive cost of incorporation and a general consensus that the structure wasn't necessary. With the new trustee penalty regime having commenced on 1 July 2014, the benefits of a corporate trustee have only been enhanced further.

It provides a great education and advice opportunity for professionals to engage with their clients to discuss the many important aspects surrounding individual and corporate trustees.

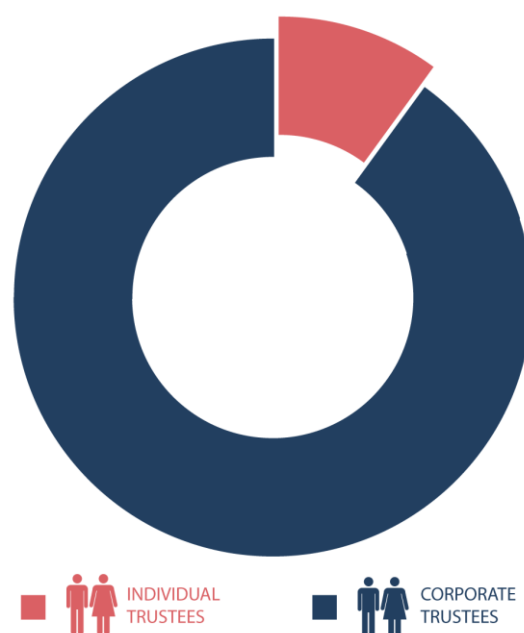


Figure 10. Which trustee structure do you recommend?



If it is readily acknowledged within the SMSF professional community that a corporate trustee is a far superior trustee structure, why do the ATO statistics show the complete opposite of what we recommend?

FUTURE SMSF BUSINESS

INDUSTRY SNAPSHOT

This section explores how professionals will look to grow their SMSF business, identifying opportunities both within their existing business, but also consider growth opportunities through additional services for their SMSF clients

2.1 Revenue growth looks optimistic

For many professionals, the SMSF sector appears to be a popular hunting ground for future revenue growth, with 41.8% of respondents expecting growth of up to 25%. For nearly a third of respondents, the SMSF sector will be aggressively targeted for revenue growth with expectations to grow in excess of 50%.

Over the next 3 years,
I expect my SMSF
revenue to?



**EXPECT REVENUE
GROWTH OF UP TO
25% IN NEXT 3 YRS**

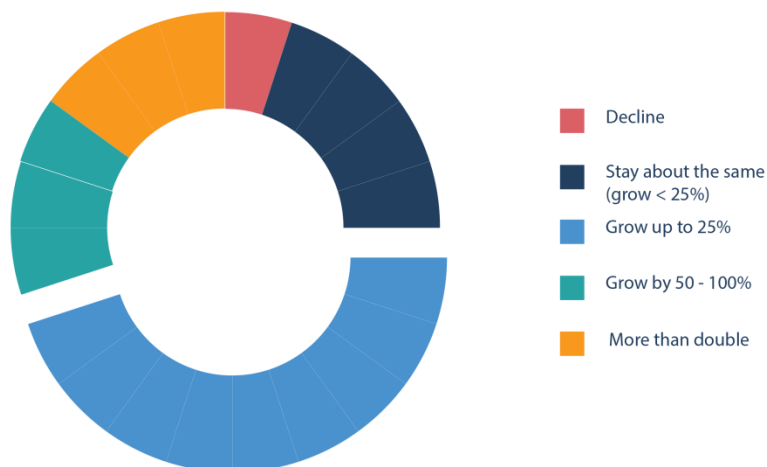
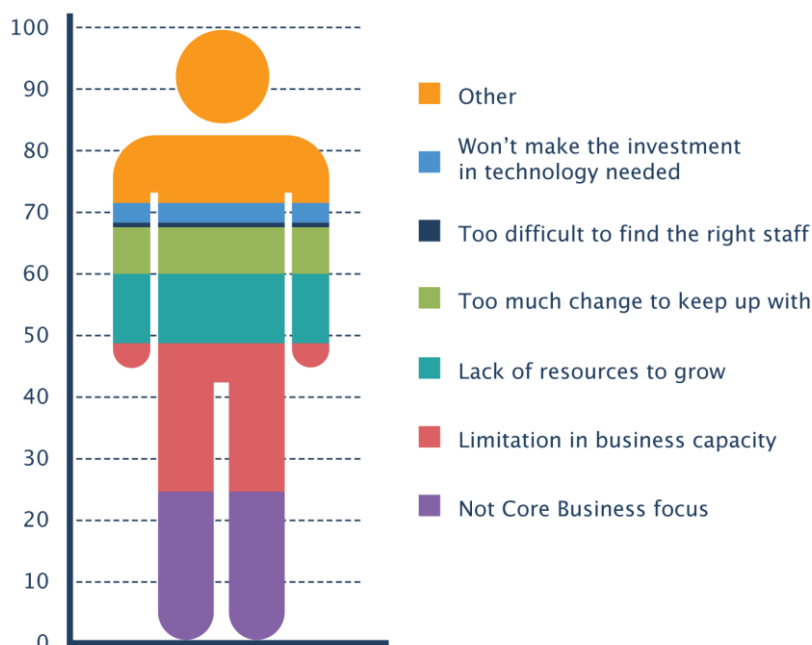


Figure 11. Expected revenue growth

The sector will however provide a genuine challenge for some businesses who see steady growth (<10%) or even decline. When enquiring about this assessment of SMSF growth, responses ranged from not being a core business focus (24.2%), to limitations on business capacity (24.2%) and resources to grow (12.1%).

For those who see strong business growth in the area of SMSFs, many continue to envisage additional



revenue in the area of administration and compliance (69.7%). Many also recognise the growing opportunity of providing strategic advice (57.8%), which appears to be such a critical issue for accountants to resolve as part of the transitional licensing period to 30 June 2016.

Estate planning (41.2%) also performed strongly. It is clearly an area of growing importance to ensure that appropriate transfer of wealth occurs; in particular given the consolidation of wealth that now sits within superannuation (and SMSFs).

Figure 12. Reasons for no expected SMSF revenue growth

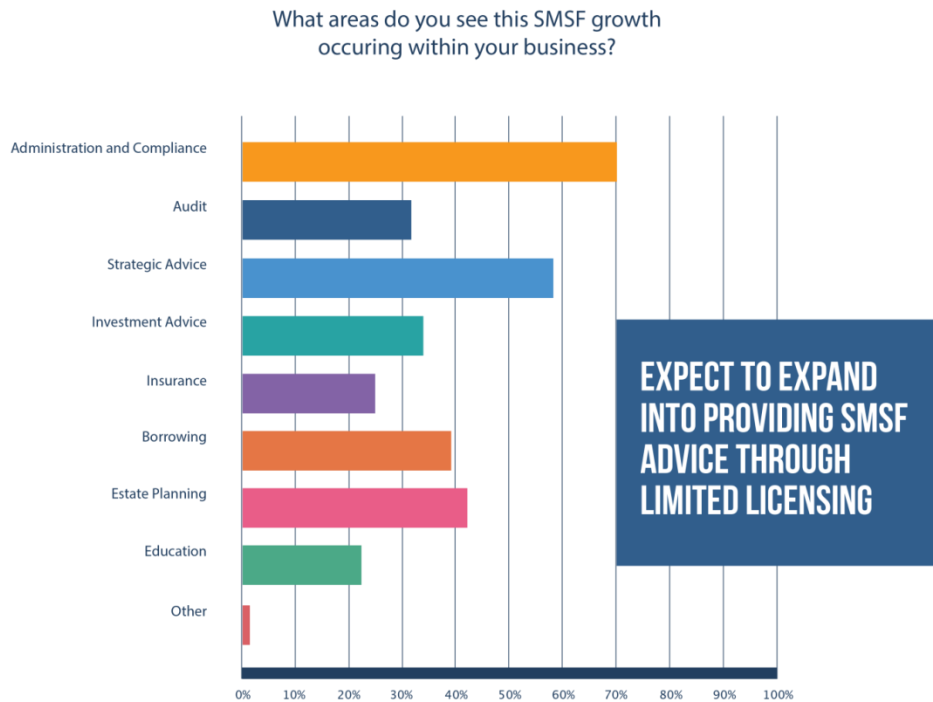


Figure 13. Opportunities for future SMSF growth

Areas of opportunity for SMSF business growth

69.7%

SMSF Admin & compliance

57.8%

Strategic advice

41.2%

Estate Planning

2.2 How big is the limited licensing opportunity?

The decision for many accountants to move to limited licensing remains unclear. Why such indecision remains is not clear - is it the lack of attention currently devoted to the issue by practitioners? Have the professional bodies failed to engage their members properly to help make an informed decision?

As we head towards the half-way mark of the transitional period for accountants, it will be interesting to monitor whether any fundamental shift occurs in limited licensing applications or in practitioners seeking limited authority through dealer groups.

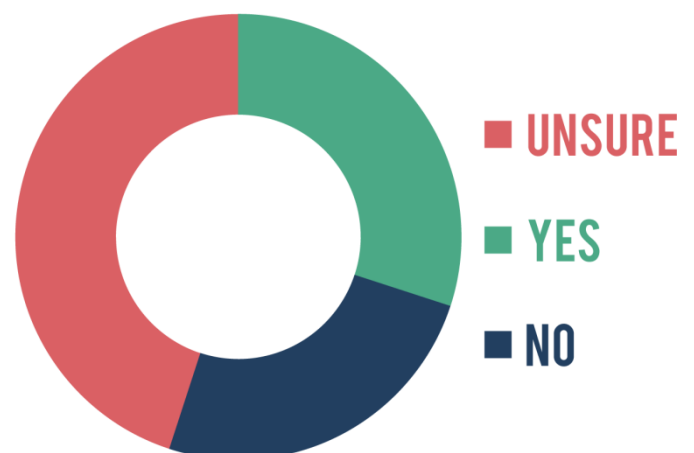


Figure 14. Will you or your business branch out into additional services in the next 3 years?



A LICENCE TO GROW FOR ACCOUNTANTS

THERE ARE TWO THINGS YOU SHOULD DO TODAY.

1 Learn more about your licensing options and the important factors that should be considered when choosing an option.

Visit smsfadvice.com.au and download a copy of the latest industry insights report ***To licence or not? The real costs of your decisions.***

2 Discover how our **Transition to Licensing Program** can help you meet the minimum education requirements, and get you and your business ready to provide strategic financial advice. It's a highly specialised program delivered face-to-face and could be completed in as little as 6 months.

For more information see our website smsfadvice.com.au or call us direct on 1800 054 945.

LICENCE. TRANSFORM. **GROW.**

2.3 Limited advice - the driver for accountants

For those respondents looking to expand their existing services, limited licensing presents the biggest opportunity according to the respondents (55%). From the statistics, it appears that accountants are mostly focused on offering strategic advice under a limited authority rather than the full advice. These statistics indicate that many practitioners see the ability to provide strategic advice as important to their SMSF clients, without focusing on advice around investment strategy and insurance. This creates a great opportunity for financial planners to further engage with accountants to support the 'gaps' in the service model many accountants appear to be pursuing.

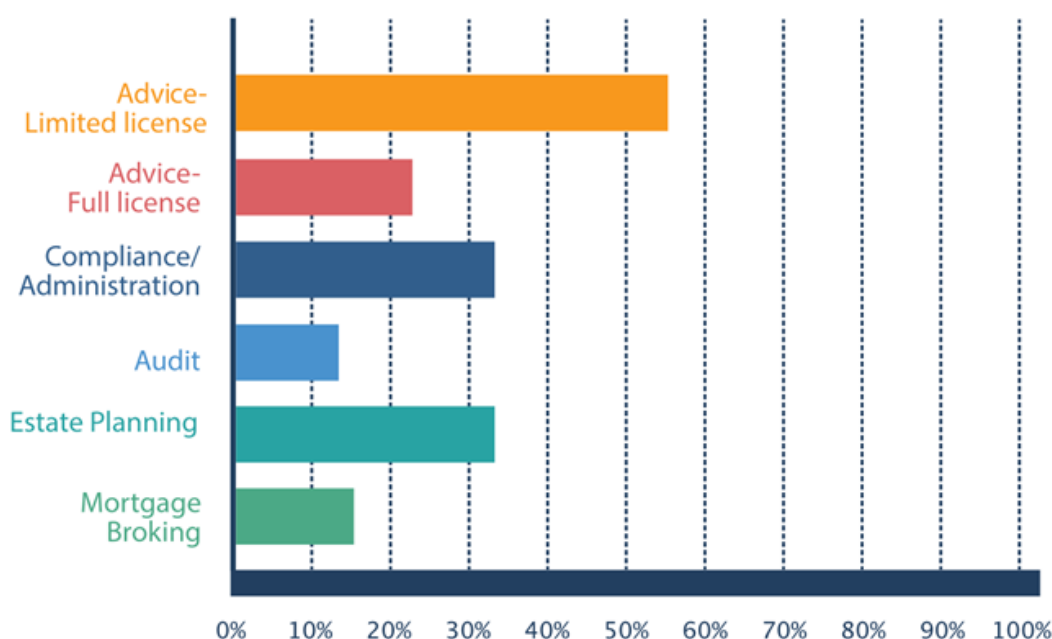


Figure 15. Biggest opportunities for new revenue growth

It will be interesting to follow whether practitioners consider moving from limited licensing to full licensing after a period of time (post 1 July 2016). There is a view that the 'gap' is not too significant for accountants to shift from limited licensing to the full licensing framework. With such a big transition for the accounting profession to move into a licensed framework, the initial years appear to provide the greatest challenge to building a success formula of SMSF compliance and advice within the business.

Formulating estate planning services (34.4%) into your business was also well supported; however it is unclear how professionals expect to formalise this type of relationship (if at all).

The uptake of SMSF auditing is surprisingly low. With a greater level of attention now placed on auditors, is this lack of interest due to a higher level of risk for auditors or is price competitiveness a deterrent to achieve adequate profitability? I would probably argue that risk/return plays a big part in this decision.

FREE WEBINAR

FUTURE OF SMSF REPORT

AN INSIGHT INTO SMSF BUSINESS MODELS



TUESDAY, 9 SEPTEMBER 2014, 11AM AEST
NUMBERS STRICTLY LIMITED

DELIVERY & PRICING

SMSF SERVICE OFFER

This section provides an insight into fee structures and pricing of SMSF services, how these services are delivered, and the recoverability of time spent undertaking the work.

3.1 Average fees

72.8% of respondents had an understanding of their average fee charged to an SMSF client. The average fee charged for SMSF compliance and administration services is \$2,371, with a median of \$2,250.

Average fees charged ranged from \$1,667 (<\$500k) to \$3,000 (>\$10m). This variance is likely to come from differences in charge rates and the nature in which fees are charged by firms of different sizes.

Over the past couple of years, there hasn't been any significant change in the average fees charged to an SMSF client, with the average fee increasing by 3.5% and a median of 2.5%. The greatest fee pressures appear to have occurred at larger firms (>\$5m), along with some smaller practices (<\$500k).

For larger firms the focus will continue on creating business efficiencies and investing in technology to retain (or improve) profit margins. For smaller businesses, a greater focus towards automation benefits will provide profitability improvements.



Average SMSF compliance fee

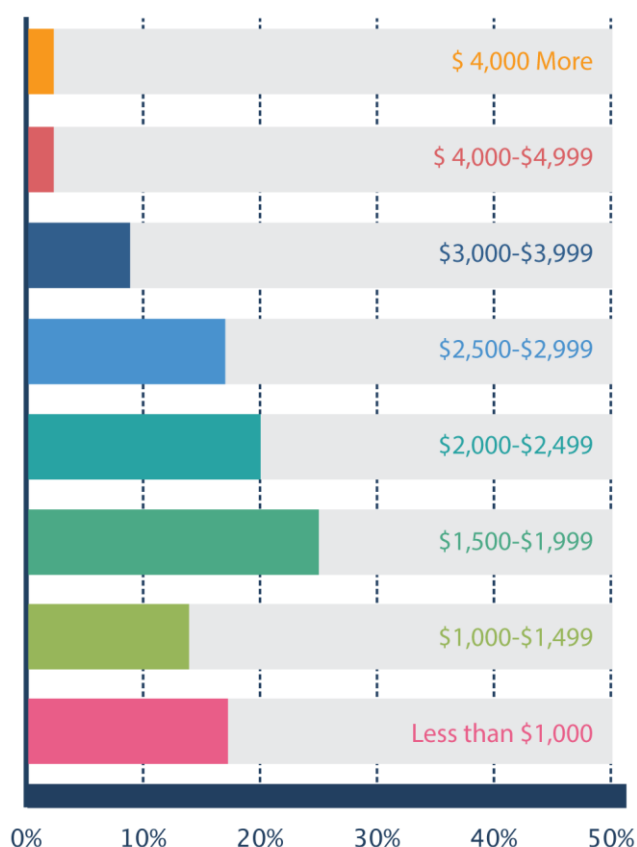


Figure 17. Average SMSF fees

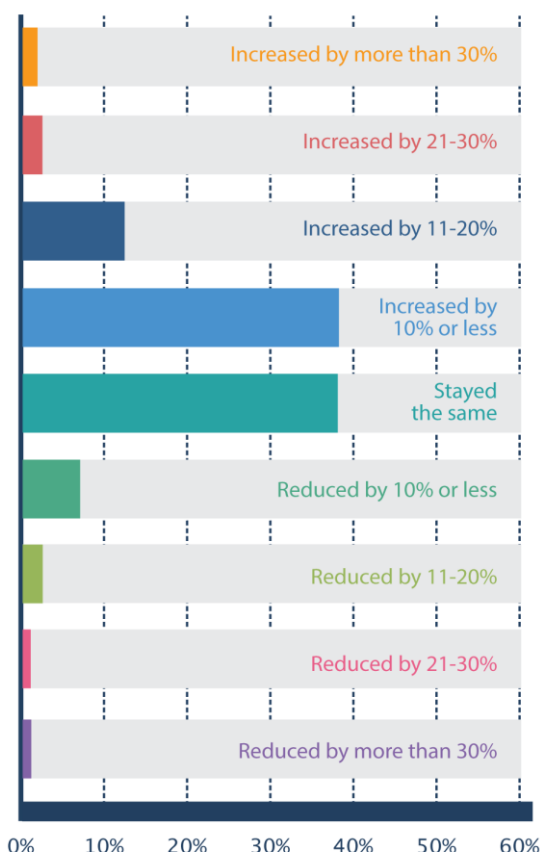


Figure 16. Change in per SMSF client fee revenue

3.2 Service delivery

The requirement to prepare statutory information to the Regulator on an annual basis spawn a reactive compliance approach within the SMSF sector that continues today.

Your primary service offering to SMSF clients is delivered how regularly?



DELIVER AN ANNUAL COMPLIANCE SERVICE TO TRUSTEES

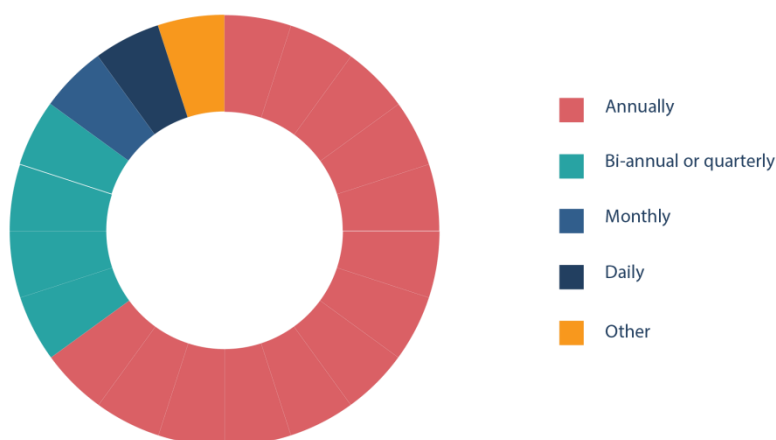


Figure 18. How do you delivery SMSF compliance services

With legislative change to manage key issues such as contribution caps, pension levels and the fund's investment strategy, the emergence of more regular reporting has assisted trustees and advisers alike to better manage risk and build strategies. In addition to the legislative risk factors, technology and the increasing influence of financial planners have demanded greater service in the sector in providing more up-to-date fund and member information.

This historical approach to service delivery is still most prominent, with the majority of the SMSF service providers continuing to deliver services annually (67.1%) to trustees. Practices between \$1.0m - \$1.99m have the largest representation of an annual service delivery (73.4%). Larger practices (>\$5m) have a greater presence in delivering more regular reporting to SMSF trustees, whether it be daily, monthly or quarterly.

3.3 Fee structure

Time cost billing on an annual basis remains the most common fee structure to charge an SMSF client (43%). This is most common amongst firms between \$1.0m - \$1.99m, which is consistent with their highest representation in delivering an annual compliance service.

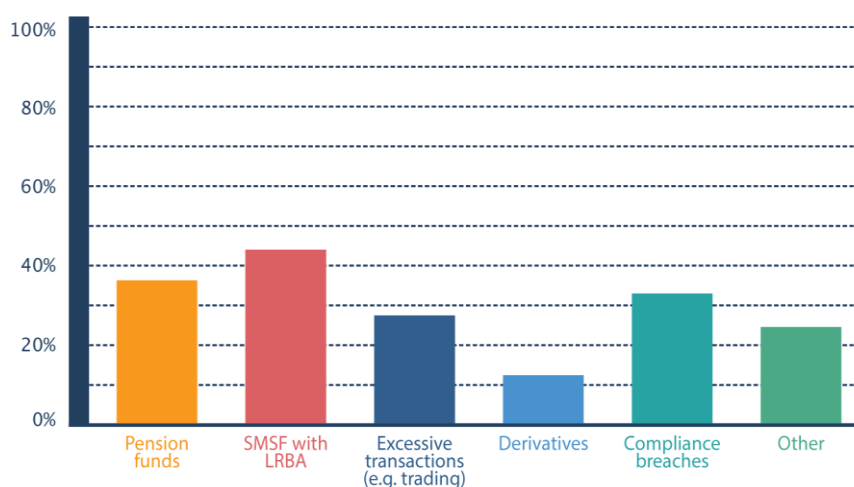


Figure 19. Fixed fees - additional charges

Fixed annual fee invoicing is strongly represented (33.4%), which would reflect not only fees charged by accountants, but also auditors and advisers. Firms with fee revenue of less than \$500k are more likely to charge a fixed fee (40.8%) than charge on time cost (32.5%).

For those firms that charge a fixed fee, 69.2% simply charge a flat-fee amount.

Around 20% of respondents calculate the fixed fee based on the number of fund investments, with 18.9% charging different fees between accumulation and pension phase.

For many people who charge a fixed fee, additional fees will apply to a range of additional circumstances within the fund. With a growing number of funds entering into limited recourse borrowing arrangements (LRBAs), 44.7% of respondents will charge extra for these types of investments within a SMSF. Additional fees will also apply for pensions (36.5%), along with dealing with compliance breaches (34.0%) and excessive transactions (28.3%).

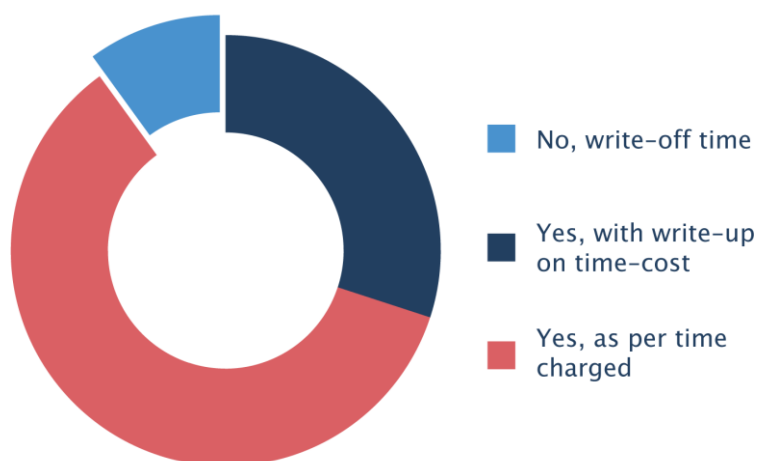


Figure 20. Time cost billing - recoverability

For those firms that charge fees on a time cost basis, 60.2% of respondents recover the time cost incurred.

Approximately 26.51% have write-ups on time cost. With many practitioners in a comfort zone amongst with their existing pricing structure, many appear reluctant to change the existing charge rate model.

Of those professionals who incurred write-offs, the average amount written off around 17% and median 15%.

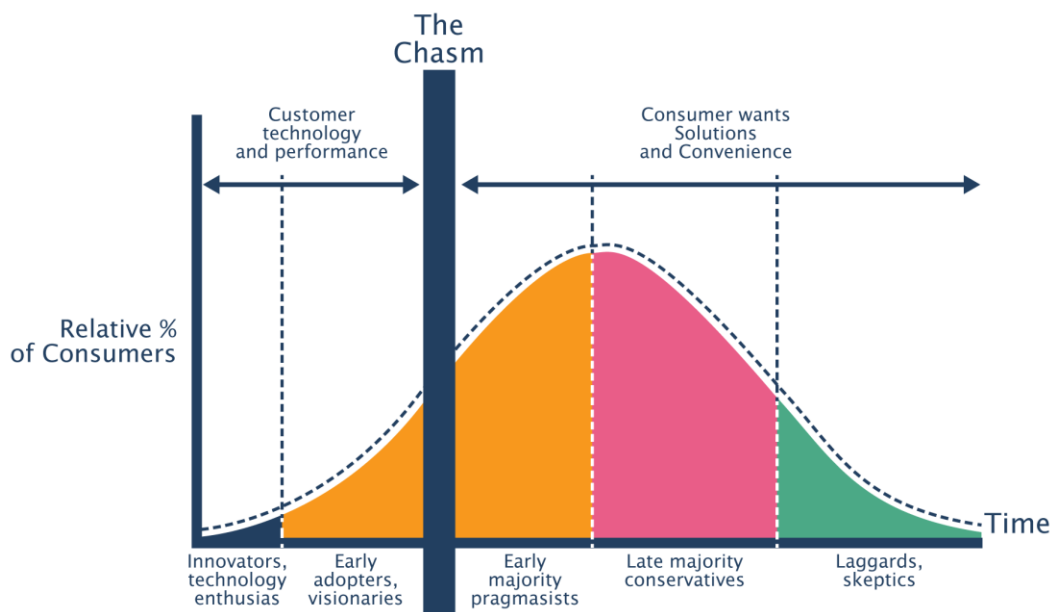
CLOUD TECHNOLOGY

TECHNOLOGY & OUTSOURCING

This section provides some key insights into how professionals are utilising data automation to improve efficiencies within their business, along with the uptake in cloud technology to collaborate and engage with SMSF trustees. In addition, this section explores the use of outsourcing, both domestically and globally to support professionals working within the SMSF sector.

4.1 Data automation & the cloud

Technology is having such a profound effect on so many items in our everyday lives. Within business, the use of technology is fast changing how we as professionals engage with our clients/customers. Not all professionals are convinced on this shift.



The theory of the *law of diffusion of innovations*³ comes to mind with the uptake of technology around SMSFs. The 'diffusion of innovations' is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures (or in our case – industry). It took a considerable period of time for professionals to adopt specialist SMSF software to administer their trustee client's annual compliance obligations. Nowadays, the majority of SMSFs would be prepared through such specialist software, whether via desktop or cloud applications.

Data automation with the SMSF sector has been available for some time now – think about bank data and ASX/UUT pricing as just two examples of solutions now adopted by professionals looking for greater efficiency. Data automation, in particular bank feeds are only utilised by 59.9% of all respondents.

Do you currently use any data automation (feeds) with your SMSF clients?

////////////////////

**USE DATA
AUTOMATION**

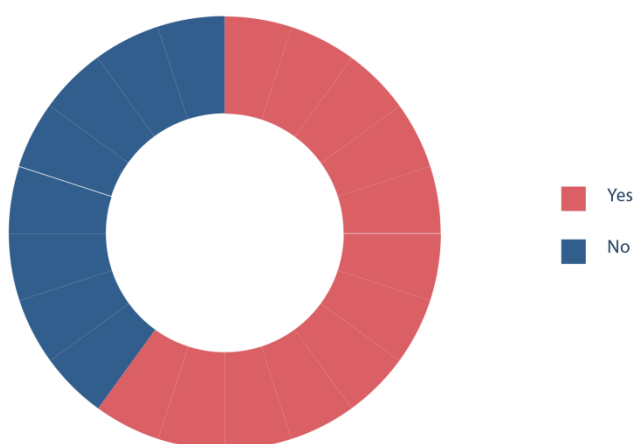


Figure 21. Use of data automation with SMSFs

It is more important to understand why people don't move to further automation than those that do. Interestingly, 44.5% of respondents simply don't have the resources available to get this up and running.

³http://en.wikipedia.org/wiki/Diffusion_of_innovations

Approximately 29.7% of respondents don't believe data automation delivers the efficiency gains (laggards), and 15.8% struggle with the technology to understand how to make this work.

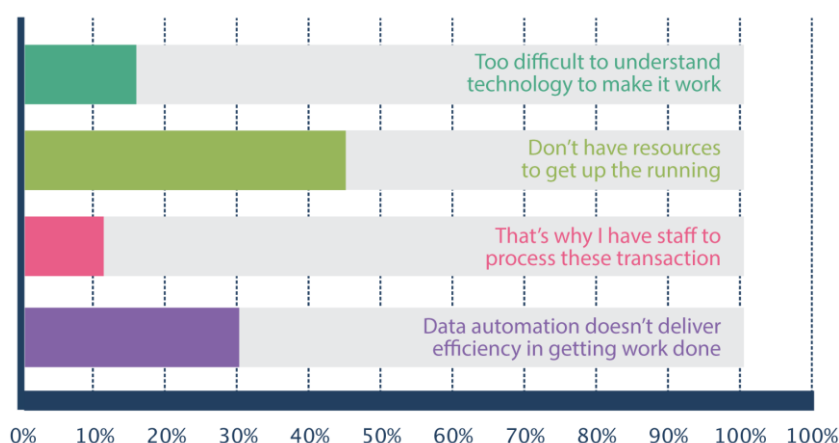


Figure 22. Reasons for not using data automation

Below are just some of the many responses supporting why businesses aren't using data automation:

- "Managers in the office too lazy to take on technology change"*
- "Too busy at the moment, but intend to get it up and running"*
- "Currently not making any difference using automation"*
- "Low number of funds, not worth it"*
- "Have not had time to research and implement"*
- "Does not suit my way of working"*
- "Too expensive for limited needs"*
- "I think it is a waste of time and money"*
- "Too many problems with it, gave up"*

4.2 Those who use data automation

Of those firms using data automation, bank feeds are utilised by 86.7% of respondents, with actuarial certificates (49.5%) having benefited significantly through recently introduced automation. This is a great example of a technology that has been able to 'cross the chasm', providing significant efficiency gains in what previously added anywhere up to an hour or more in time to request.

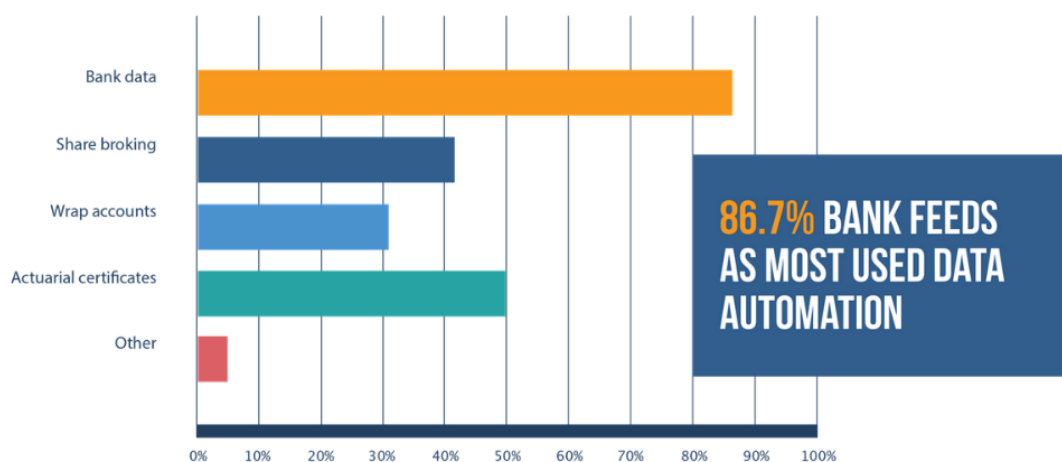


Figure 23. Where data automation is used

SMSF Actuarial Certificates

- ✓ Independently Owned
- ✓ Integrated with BGL, Class Super & SuperMate
- ✓ Lightning Fast Turnaround

act
SOLUTIONS

2

.....
Call: 1-800-230-737
Email: act@act2.com.au
Visit: www.act2.com.au
.....



4.3 Cloud technology

The 'buzz' word within financial services is the adoption of the cloud. Within the SMSF sector true cloud technology is relatively new. Around a quarter (24.9%) of respondents adopted some form of cloud technology within their business more than 2 years ago (early adopters). This shift to the cloud is growing with 47.2% having moved in the past 12 months.

To what extent do you use cloud technology with your SMSF clients?



24.9% USE CLOUD TECHNOLOGY IN BUSINESS WITH SMSF CLIENTS

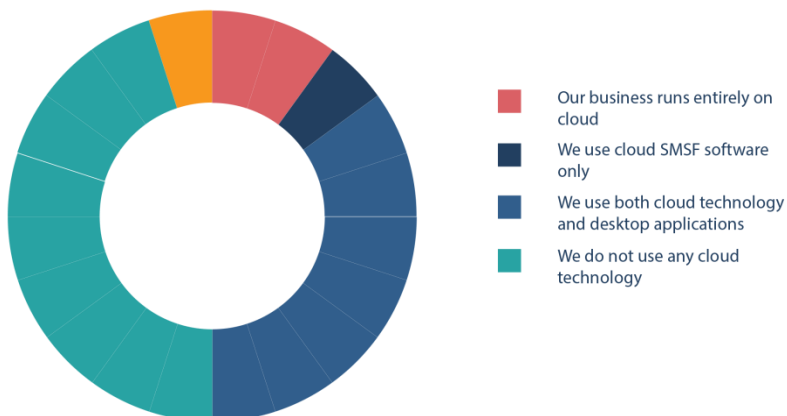


Figure 24. Use cloud technology within business

However, there is a continued divide around the use of such technology, with 55.2% of all respondents currently not using any form of cloud technology. It is a topical issue, with more than a third (34.3%) considering this shift within the next 12 months. A further third (33.8%) remain undecided (late majority).

A significant number of comments were provided outlining the key barriers to entry within businesses to move to cloud technology including:

"Costs and concerns about security"

"Ownership and security of information"

"Lack of understanding; unsure how to do it."

"Time to update infrastructure and systems"

"Privacy"

"Clients don't trust their information in cyberspace"

"Time, uncertainty, and lack of knowledge with cloud technology, not sure where to start"

"Don't want to be the first – make sure no problems and make sure we stay price competitive"

"Poor internet speed and automation not good enough yet"

"Need to research benefits/security. Big learning curve!"

"Time! We need the time to liaise with clients and organise the documentation with them so that we can collect the data feeds"

"The cost is excessive, no control over location/backup of data, must have internet connection, slightly slower as the data has to move across the internet"

"Expect to see cloud computing dominate the SMSF sector over the next 3-5 years, providing significant collaborative and automation benefits for service providers."

4.4 Online collaboration with clients

One of the key benefits to utilising cloud technology is the ability to collaborate with client's data. This collaboration may be with clients, financial advisers, auditors, and various other professionals. Only 39.3% of respondents indicated that they collaborate online with their clients. Of those professionals that do collaborate online, 77% share SMSF documents with their clients (e.g. trust deeds, financials, trustee minutes, etc.). Approximately, 24.6% have digital signing enabled for their clients and 23% have meetings with their clients online (e.g. Skype, Google hangout, or GoToMeeting).

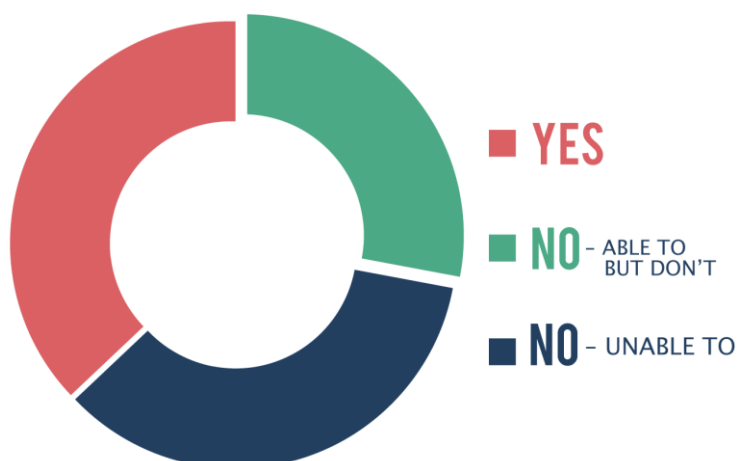


Figure 25. Do you provide online access to your SMSF clients?

One of the selling benefits of cloud SMSF software is the available interaction with clients online to view their fund information. Whilst two-thirds of respondents have online access available to provide clients, only 39.3% actually provide such access.

It is unclear why this is the case, with one motive being that the primary driver for cloud technology is the efficiency gains of data automation, but still delivering an annual service. This would reduce the need to keep financial reporting up-to-date online should clients require access. Larger firms (see Fees by \$ Revenue table) and specialists (62%) both have higher proportions of clients with access to online information rather than the generalists.

Online access allows clients and advisers to view a whole range of information relevant to their SMSF including investments, contribution cap monitoring, pension level obligations, financial reporting and more. It presents both a challenge and opportunity for professionals who are not using current technology to deliver a regular service to retain a competitive level of 'value' and ultimately compete with larger administration and compliance services.

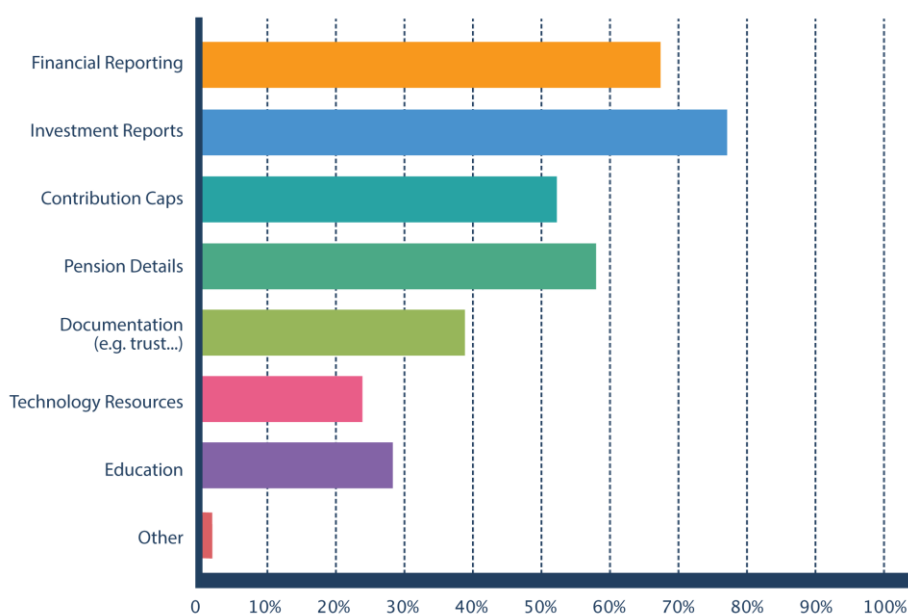


Figure 26. What can your SMSF clients access online?

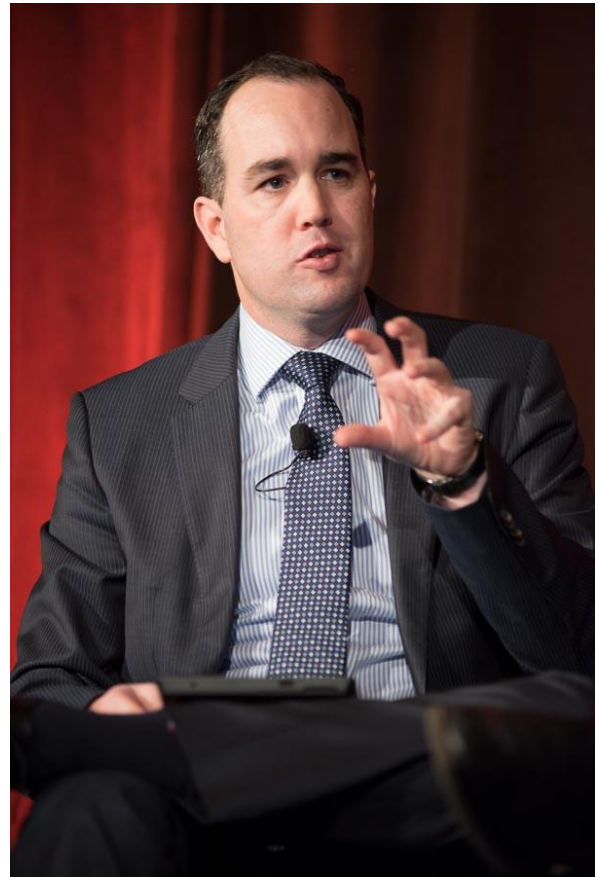
4.5 How extensive is outsourcing within SMSFs?

As the complexities of superannuation and in particular SMSFs grow, the need for specialist resources within professional practices will rise. For many businesses, this will not be an economical outcome and outsourcing certain components of their clients work will grow. One area that has seen growth in outsourcing over the past decade has been with SMSF administration. This in itself has spawned an industry of specialist SMSF administration businesses, supporting accountants, and financial advisers alike.

With such a diverse number of professionals currently working with SMSF trustees (13,000 accountants and tax agents), it is not surprising that 18.3% of respondents currently use an outsource provider.

The globalisation of our workforce is also impacting the SMSF sector, with six or more countries now providing lower-cost skilled labour to prepare advice (para-planning), fund compliance and audit for SMSF clients. Of the respondents who utilise outsourcing, 26.9% use overseas resources.

As demands of practitioners grow (in particular with decisions around limited licensing) and pricing pressures start to eventuate, it will be interesting to see how the role of outsourcing and how it may change, both domestically and globally. I suspect it will attract a greater interest amongst some professionals who see a growing number of demands within the business that internal capacity won't be able to support without the use of an outsourcing solution.



18.3%

Currently use an SMSF
outsource provider

SMSF RELATIONSHIP

TRUSTEE DEMOGRAPHICS & ENGAGEMENT

This section shares how professionals manage their SMSF client relationships, what they understand of their SMSF client base, the level of segmentation undertaken with their SMSFs and what tools practitioners are using to engage with existing and prospective trustees.

5.1 Understanding and growing your SMSF clients

It has been acknowledged through the Future of SMSF survey that one of the biggest challenges is to attract new clients. Attracting new clients certainly sounds like a great idea, however many professionals don't currently have an understanding of their existing client base. Sure, you may know about their circumstances, but what sort of behavioural attributes do they have and how do they suit your service offering?

Within the survey, we asked whether professionals undertake any level of segmentation within their business. Only 21.9% of respondents do, with categories predominantly linked to Partner/Principal (29.3%) or by amount of revenue (30.5%). Some activity exists between pension and accumulation phase (32.9%), but it still doesn't identify the behavioural types of trustees that exist within Australia:

- Controllers
- Outsourcers; and
- Coach seekers

Many businesses take the approach of targeting SMSF clients. It is in itself a niche area of the superannuation sector. Some adviser further drill-down to target say high-net worth (HNW) SMSF clients. What this doesn't take into consideration is the type of trustee this HNW client is. Are they predominantly self-directed or do they require your ongoing help. It has been acknowledged through the SPAA/Russell Intimate with Self-Managed Superannuation report that the biggest growth opportunity is within the coach-seeker trustee.

Taking a slightly different slant on a quote from well-known marketer Seth Godin, *"If you build an SMSF service for everyone, you will attract no one."* This appears true for professionals who continue to focus at a 'macro' level within the SMSF marketplace. To truly grow your SMSF business, it is important that you have clarity of what you offer the type of client you are after, and ultimately build a service that is truly remarkable for that niche.

5.2 Is it time to be more social?

The use of social media as an engagement tool is growing in importance for professionals. How it is used within the context of business appears to be the main challenge today. Only 21.9% of respondents use social media to engage with existing and prospective trustees.

As practices grow in size, the survey results show a greater level of engagement through social media (e.g. Fee revenue of <\$500k = 17.4%, and >\$10m = 45.5%). Of those who use various forms of social media, LinkedIn (38.75%) is recognised as the most effective tool in communicating with SMSF trustees, followed by Facebook (20%) and blogging (15%).



USE OF SOCIAL MEDIA

21.9%

When you consider email communication amongst the growing use of social media is somewhat of a 'lost art form', but is still a very effective tool to generate engagement with trustees (and related contacts). About one-third of respondents (32.9%) indicated that they prepare a regular trustee newsletter for their clients.

Most of this trustee communication focuses on issues focus on activities relating to maintaining compliance (83.3%), legislative change (79.2%) and strategies (73.3%).

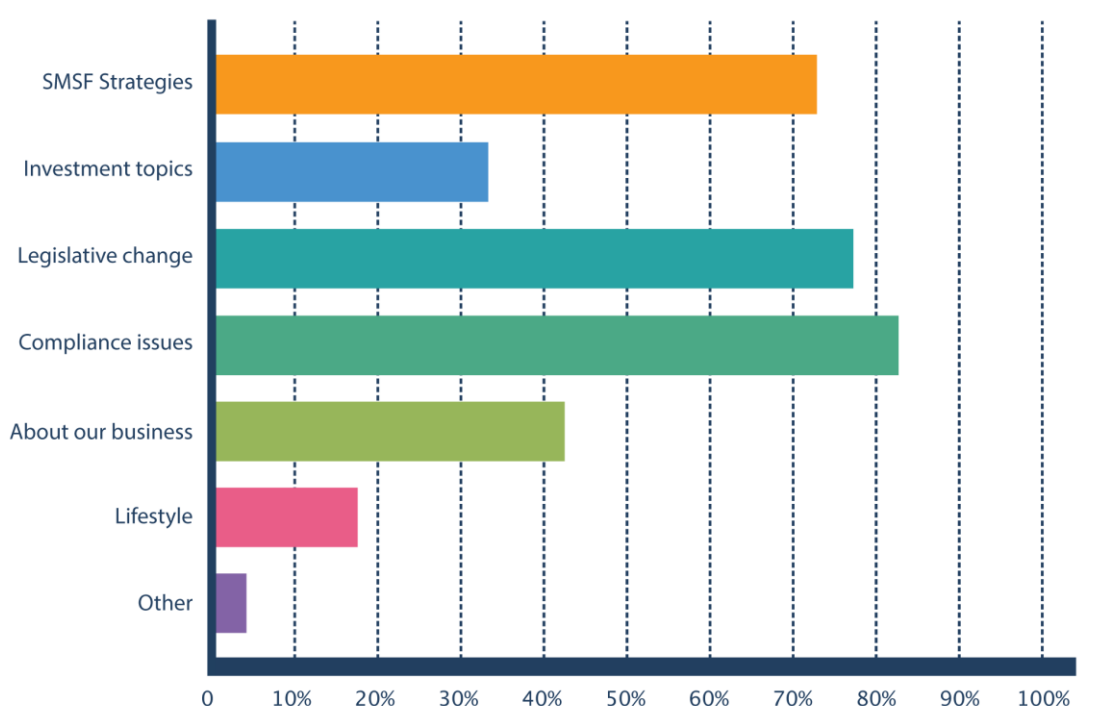


Figure 27. Topics of discussion within news communication with SMSF clients

The majority of respondents prepare content around SMSF for their newsletters internally (58.82%).

Time once again appears to be the biggest constraint in improving regular communication to trustee clients. Being “too busy” accounted for 39.1% of respondents who don’t produce regular news for their clients. Nearly a quarter of respondents (23.46%) advise that their clients are not interested, a statistic that is somewhat trivial given the low proportion of firms that don’t survey their clients to better understand their needs.

Included below is some of the survey feedback on why regular content is not provided to SMSF clients:

83.3%

Newsletter content contains details relating to a fund’s compliance obligations

“Just developing a strategy, but will do”

“Time and don’t have access to suitable material”

“I’m in constant contact with clients”

“There is already an abundance of resources on the internet”

“Have done it in the past, but too many changes to keep up”

“We have a general newsletter than includes SMSFs”

“There are boundaries that need to be observed and producing a newsletter could potentially breach those boundaries”

“Clients expect personal contact for matters that affect them”

“Newsletters are not read, I don’t think we need this”

5.3 Surveying clients

Understanding the needs of your clients is central to the success of your ongoing relationship. Whilst many professionals will rest on their working relationship to assess the needs of their clients, very few take the time to survey their SMSF clients (11.6%).

Nearly 60% of those who do survey clients only undertake this process on an ad-hoc basis, with 28.6% undertaking this annually.

Identifying key areas that don't form regular conversation with clients can form part of your survey. For example, what tools do your clients currently use to engage socially? What technology do they have available to potentially engage better with you and your business?

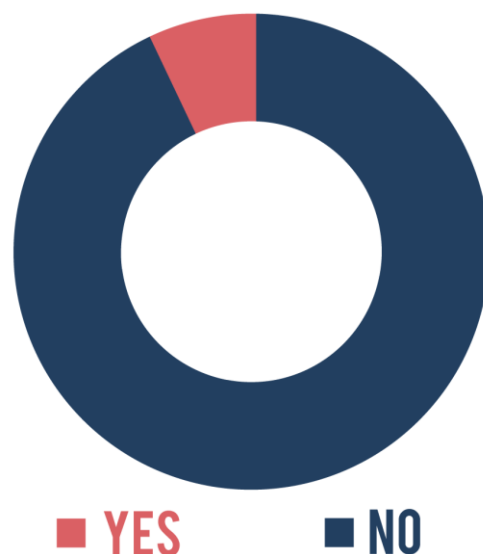


Figure 28. Do you survey your SMSF clients?

5.4 Meeting with clients

How often you meet with an SMSF client is going to be the subject of the relationship level and the service offering. However, in what is typically consistent with an annual SMSF service, 45.2% of respondents meet with their SMSF clients annually.

It is acknowledged throughout the comments, that throughout the year, regular contact will occur through other means including telephone, email and skype. For a small proportion of professionals, client meetings are virtually non-existent (9.1%), which may suit the type of trustee they are targeting with the business (e.g. low-cost offer for self-directed trustees).

It is important to understand that many of the tools available today to engage with clients are there to 'enhance' existing relationships, not replace. Leading businesses are now utilising technology not to replace the face-to-face contact with clients but to record or summarise meetings, and much more.

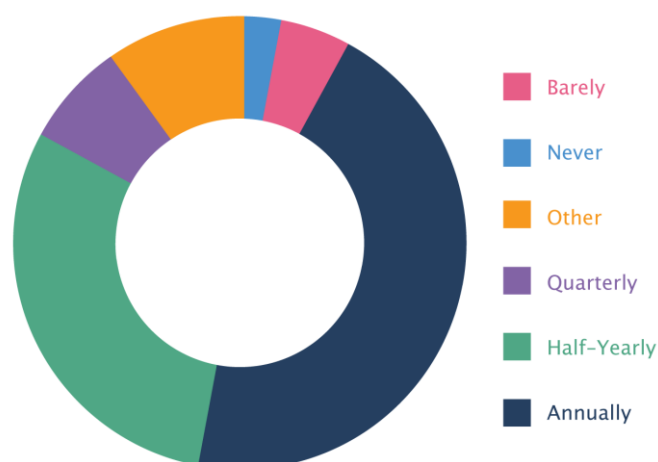


Figure 29. How often do you meet with your SMSF clients?

CPD & PRIORITIES

KEY BUSINESS CHALLENGES

This section discusses the continuing professional development obligations that professionals are undertaking around SMSFs, along with understanding the biggest challenges confronting professionals today.



6.1 The challenge with keeping up-to-date

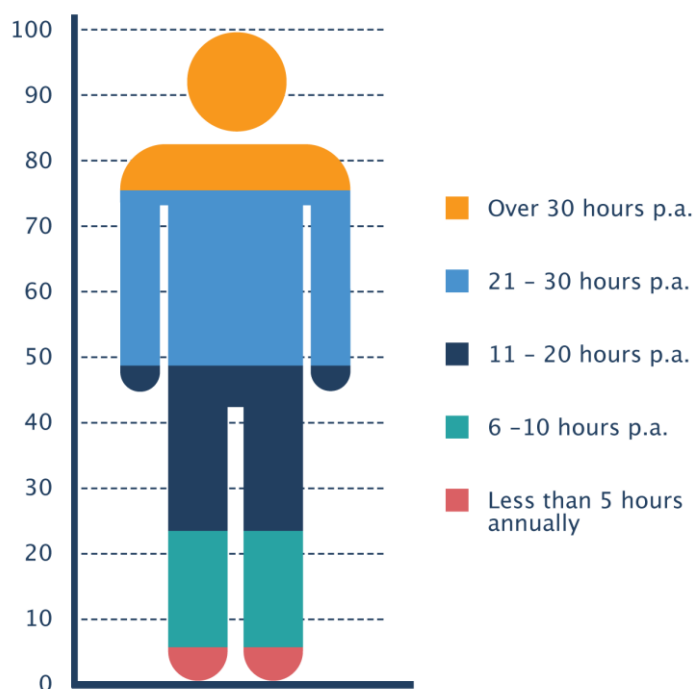


Figure 30. Number of CPD hours p.a. on SMSF topics

Tinkering of legislation has been a regular feature of the political landscape since significant reform back in July 2007 (Simpler Super reforms). This constant change means businesses need to invest heavily to keep staff up-to-date on topical issues relating to SMSFs.

For 28.67% of respondents, more than 30 hours p.a. is being spent specifically on SMSFs. Within the accounting professions, this equates to more than 75% of their triennial requirements of the professional bodies (CPA, ICAA & IPA).

Whilst time to maintain currency of knowledge is an opportunity cost in itself, for 21.5% of respondents, it makes up more than 50% of their professional development budget each year. This would be reflective of the growing focus towards SMSF specialisation.

Conversely, 22.3% of respondents would attribute SMSF training to less than 10% of their overall professional development budget. This category is dominated by generalist businesses, where SMSFs are not a core business focus and make up to 25% of business revenue.

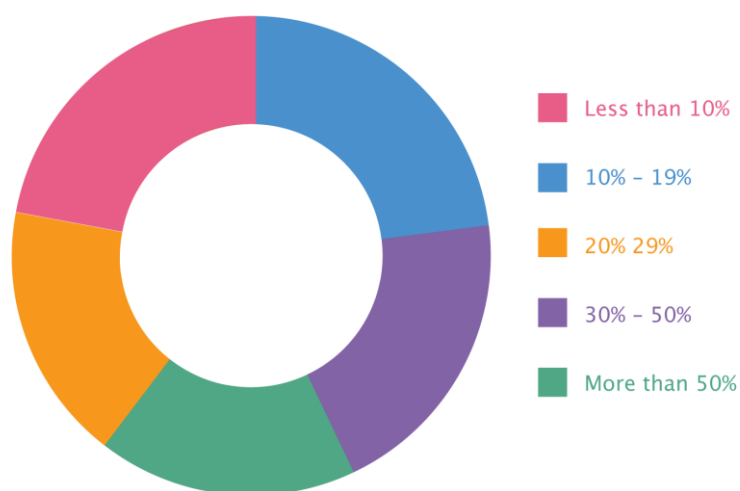


Figure 31. Dollars spent on SMSF CPD as a percentage of overall CPD budget

6.2 What are the biggest challenges confronting you as a SMSF professional today?

As mentioned at the outset, the SMSF sector is confronting its own perfect storm. Regulatory reform, disruptive technology, changing dynamics of trustees and a growing competitiveness for market share confront all professionals. How we prioritise what is important within our business is critical. These priorities across specialists and generalist, small firms and larger firms, auditor, financial planners and accountants all demonstrate that keeping up with legislative change is the key priority.

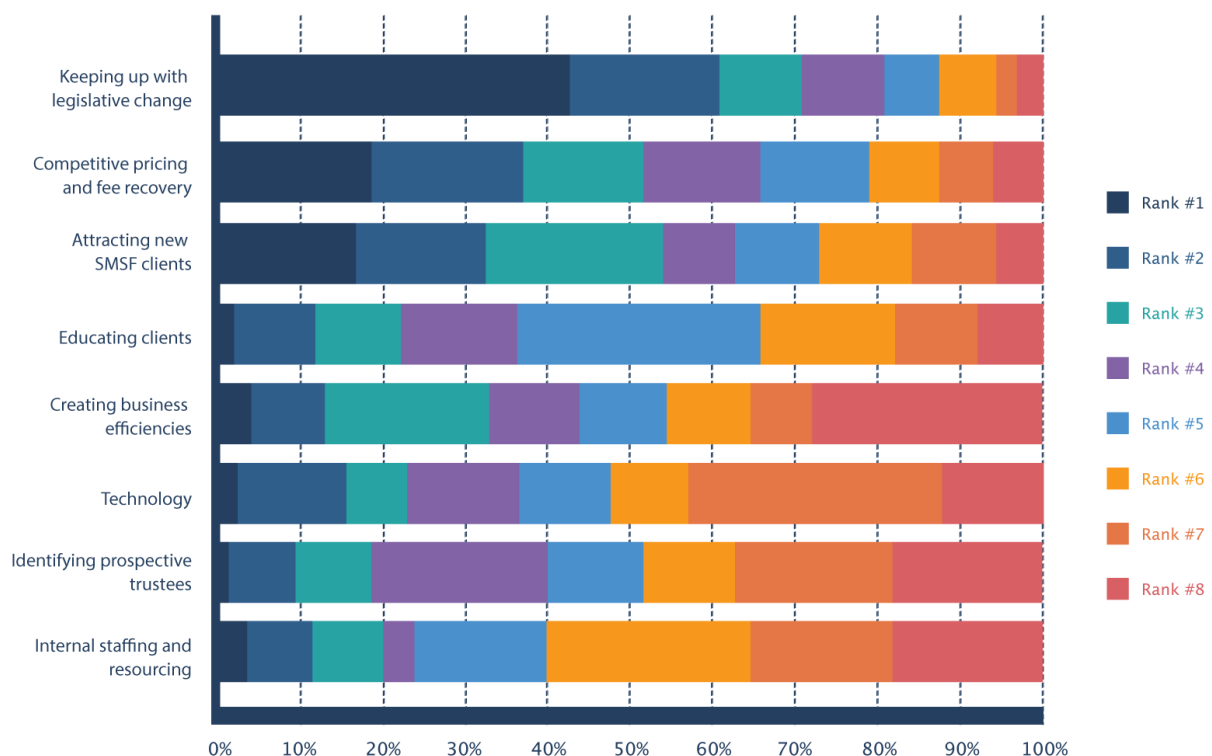


Figure 32. Biggest challenges confronting you with SMSFs today?

Remaining competitive in pricing and fee recovery is considered the next biggest item, followed by the ability to attract new clients. These top three items appear consistent when breaking down the results by revenue, business type and specialisation.

Priorities beyond this then changes based on fee revenue. For example, practices with less than \$500k of revenue prioritise resourcing next, compared to larger firms who rank this item lower. These larger businesses place a greater focus on creating business efficiencies, whereas small firms just need to 'get the job done'. Technology and educating clients, both very pertinent topics within the SMSF industry also varied in their priorities amongst fee revenue and different business types. For example, specialist businesses prioritise educating trustees as next in line following attracting new SMSF clients.

This ranking of priorities shows not only a consistency in certain demands of SMSF professionals, but also how the dynamics of a business can influence how these priorities need to be mapped out to achieve success.

Appendix 1: SMSF Business Models – by \$ of Fee Revenue

	< \$500k	\$500k - \$999k	\$1m - \$1.99m	\$2m - \$4.99m	\$5m - \$9.99m	\$10m >
Average percentage of total fee revenue generated by SMSF activities?	36.7%	24.5%	24.7%	28.38%	23.07%	41.82%
Median percentage of total fee revenue generated by SMSF activities?	17.5%	17.5%	17.5%	17.50%	17.50%	17.50%
Average number of SMSFs currently providing services to?	56	100	146	228	363	Unknown ⁴
Median number of SMSFs currently providing services to?	35	35	75	175	375	Unknown
Average number of new SMSFs in the past 12 months?	10.6	12.8	15.5	23.5	17.15	Unknown
Median number of new SMSFs in the past 12 months?	2.5	8	12	12	17	Unknown
Percentage with specialist staff member or specialist team?	36.4%	56.0%	65.6%	72.2%	100.0%	100%
Average number of SMSFs now paying pensions?	31.9%	32.4%	29.5%	35.7%	44.0%	49.32%
Median number of SMSFs now paying pensions?	17.5%	37.5%	37.5%	37.5%	37.5%	50%
Average fee charged for fund establishment (excl. corporate trustee - where applicable)	\$810	\$823	\$877	\$1,026	\$1,017	\$511
Median fee charged for fund establishment (excl. corporate trustee - where applicable)	\$625	\$875	\$875	\$875	\$875	\$625
Average number of SMSF services provided	3.52	4.48	5.57	5.68	6.58	6.42
Projected SMSF revenue growth over next 3 years?	44.4%	28.3%	38.3%	30.55%	27.88%	50%
Percentage of businesses branching out into additional SMSF services in next 3 years?	33.6%	40.0%	26.0%	35.7%	20%	44.4%
Percentage that know average SMSF client fee?	74.9%	64.0%	71.9%	74.1%	92.3%	72.7%
Average fee charged for SMSF compliance and administration services?	\$1,667	\$2,070	\$2,158	\$2,625	\$2,708	\$3,000
Median fee charged for SMSF compliance and administration services?	\$1,750	\$1,750	\$2,250	\$2,250	\$2,750	\$2,750
Average change in fees charged to SMSF clients in past 1 - 2 years?	2.7%	5.0%	2.8%	5.3%	2.5%	2.5%
Median change in fees charged to SMSF clients in past 1 - 2 years?	0.00%	5%	5%	5.0%	0.0%	0.0%
Percentage offering SMSF service annually?	65.7%	72.0%	73.4%	72.2%	46.2%	45.5%
Most common fee structure for SMSF clients?						
- fixed annual fee	40.8%	36.0%	20.3%	29.6%	7.7%	45.5%
- Time cost (annual)	32.5%	52.0%	64.1%	42.6%	61.5%	27.3%
Percentage of businesses using any data automation with SMSF clients?	40.5%	62.0%	71.9%	87.0%	92.3%	90.9%
Percentage of businesses using cloud technology with SMSF clients	43.5%	46.0%	42.2%	48.1%	38.5%	63.6%
Online access to clients			28.6%	50.0%	60.0%	85.7%
Percentage use of outsourced SMSF services (excl. audit)	19.2%	14.0%	15.6%	22.2%	15.4%	27.3%
Percentage undertaking segmentation of SMSF clients within business?	16.8%	22.0%	25.0%	22.2%	46.2%	54.5%
Percentage using social media with existing and prospective trustees	17.4%	20.0%	28.1%	22.2%	30.8%	45.5%
Percentage providing a regular trustee communication (e.g. newsletter)	22.2%	34.0%	34.4%	46.3%	76.9%	63.6%
Percentage that survey SMSF clients?	6.0%	12.0%	17.2%	13.0%	30.8%	36.4%
Average number of times a year to meet with SMSF trustee client?	1.59	1.44	1.42	1.29	1.33	1
Average number of hours undertaking professional development of SMSF related topics?	21.6	19.0	22.6	23.0	27.9	28.2
Percentage of professional development budget spent of superannuation topics?	36.5%	27.4%	28.9%	24.9%	39.2%	39.1%

⁴ These statistics are unknown as material number respondents provided details of 500+ funds and established 50+ funds in last 12 months

	< \$500k	\$500k - \$999k	\$1m - \$1.99m	\$2m - \$4.99m	\$5m - \$9.99m	\$10m >
Rank (out of 8) the main issues confronting you & your SMSF business today?						
- Keeping up with legislative change	1	1	1	1	1	1
- Competitive pricing and fee recovery	3	2	2	2	3	2
- Attracting new SMSF clients	2	3	3	3	2	3
- Identifying prospect trustees	5	8	8	7	4	5
- Educating clients	8	4	6	8	5	6
- Internal staff & resourcing	1	7	7	5	6	8
- Technology	7	6	5	6	7	7
- Creating business efficiencies	6	5	4	4	8	4



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