

A few minutes with... PATRICK ANWANDTER

Patrick Anwandter excelled when gaining his SMSF Specialist Adviser designation, winning the award for the best-performing graduand. The Strategy First adviser speaks to **Darin Tyson-Chan** about the difference the designation has made and the importance he places on a having good technical support network.



How did you get started in superannuation?

I came straight out of university and most of my education was in investments. I was introduced to financial planning through the banks and initially I didn't know much about superannuation, so I had to learn from scratch. Being a bit of a technocrat I just loved the process of understanding the complexity of the sector as well as the interaction with the investments, which I already had a good understanding of.

And how did that lead you to the SMSF sector?

I ended up doing a lot more learning about this sector with institutions like the University of Adelaide. I just wanted to get a better understanding of the sector. I loved the complexity of the clients in SMSFs, who are a lot more interactive. I was interested in knowing what they wanted to achieve and wanted to use my knowledge of the regulations and all of the opportunities within the SMSF sector to help them accomplish it.

I'm assuming your SMSF education process started with the Superannuation Industry (Supervision) (SIS) Act and moved on from there?

Absolutely. I remember going back and having a look at some of the old rules with RBLs (reasonable benefit limits), and the transitional RBLs, and the age-based limits and the old rules and the new rules as they were back then.

I had to understand how it all worked, the way the components worked together like the *SIS Act* and the *Tax Act*. Out of the process I developed a lot of respect for some of the industry veterans in the technical space who helped me a lot, not just in the early days but over the last 15 years. A lot of them were there for me and I could ring them up with my questions and they really helped me understand.

Would you say the support network you had is critical for someone wanting to get into the SMSF sector to develop?

I think so. Someone once said that planning in the SMSF space is a job that is 90 per cent about people and 10 per cent about paper – being the law – but you need to know 100 per cent of the paper. You've always got the acts and the regulations there, but understanding what they mean is the important part. You can read rules, you can read determinations, but speaking to people who aren't lawyers but have had 20 years of experience in the industry will help you understand what it all means. Things like this include how that law applies or how this ruling interacts with that or what that particular section refers to.

From this experience is it now important for you to make yourself available as a source of knowledge?

Definitely. To that end we provide ongoing regular training to accountants that might cover specific areas, such as the new contribution rules and the rules regarding enduring powers of attorney. We also answer any ad hoc questions they might also have.

Are there any areas where accountants are continually asking you for advice?

We've had a number of questions regarding non-residency and enduring powers of attorney. Contributions issues have also come up quite a bit. These are questions about how the caps work, what constitutes a contribution, and how the non-concessional contribution caps work.

How many SMSF clients do you service and what type of service do you provide?

We look after about 80 clients. We provide a core financial planning service that includes looking after their investments, insurance and planning needs. We've also provided the technical advice when it is needed. We're now also looking to roll out a new service for individuals, accountants and other planners to help them manage the opportunities present within the SMSF market, as well as compliance issues, and provide them with some technical advice.

Are you seeing any recurring issues your clients are asking about?

We've actually got a pretty well-educated client base. For us, it's less about fixing problems and more about taking advantage of

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opportunities. For example, it can be looking at estate planning issues or managing the tax on death benefits paid to non-dependants, so we're kind of lucky in that sense.

So would you say the general knowledge of the trustees you deal with is very good?

I think it's very good but I also think they are willing to take the advice that relates to the governance of the fund. We surveyed a lot of our SMSF clients last year to try to find out what they want and there actually was a demand or accepted need for continued assistance and advice to help them manage the compliance of the fund. It was surprising, because I initially thought if they've got to pay for that kind of service they're not going to be interested because it's not going to be seen as an exciting service. But there was a need there.

From a compliance perspective, what is it that trustees are particularly struggling with?

I think it's largely the different obligations and the impact of the changing rules. So if you look at the contributions caps, for example, one small mistake two years ago with your concessional contributions can have significant ramifications this year on non-concessional contributions you might choose to make. We had a case recently with someone where because of a \$5000 reportable fringe benefit two years ago he has now got an \$88,000 tax bill on his non-concessional contributions. There's a lot of confusion out there about so-called Simple Super and all the rules that need to be adhered to.

You mentioned the contributions caps. Are you seeing many people being caught out by them?

In the last week I've seen two clients affected and it wasn't really anyone's fault. It was just a miscalculation on the client's behalf in one case, where they inadvertently breached the concessional cap. And that was back in January, so they've still got six months of super guarantee contributions that they can't avoid. It's a significant issue where you need to keep track of what happened two years ago.

Have you seen a change in any of your clients' attitudes as a result of the recent global financial crisis?

Broadly speaking, no. Out of our clients, probably about 60 to 70 per cent were happy to continue with the course they were on. Around 20 per cent have been happy to take on more risk, because they thought equities were dirt cheap

last year, and 10 per cent were gun shy. We're confident with the fact that a lot of our clients were comfortable with the course they were taking.

You have the SMSF Professionals' Association of Australia's SMSF Specialist Adviser designation. How did you find the process of attaining it?

I found that course fantastic, mainly because it was very pragmatic. It was lecture-based, I did it in Sydney, and the lecturer we had, Peter Hogan, was very accessible so we could delve into a point for an hour if we needed to so we could really understand it. And I thought it was very comprehensive. I've done other courses in SMSFs, which I thought were quite basic, but this one I thought was extremely well put together.

You won an award from the course didn't you?

Yes, the SMSF Professionals' Association of Australia Prize for the Professional Certificate in Self-Managed Superannuation. It's awarded to the most distinguished graduand of the course, as judged by the examiners.

What difference has the designation made for you as a practitioner?

For me, it reinforced the knowledge that I had in the area. It means when I do speak to third parties, be they clients directly or the accountants that we assist, I have a lot more confidence and it means they have a lot more confidence too, because they know they have a resource available to them they can really tap into. So from that perspective, all the parties related to me get a lot of benefit from it.

What would you identify as the biggest change you have seen in the sector?

With the growth of the market there are a lot more people putting their hands up to advise SMSF trustees. The good part about that is there are a lot more people providing tertiary services to people like myself and accountants to help them with the educational side of things. There are also a lot more people getting involved in the sector, some that arguably shouldn't be, but like any sector that experiences a large amount of growth you see a lot of fringe players getting involved because they see an opportunity as opposed to actually understanding the market itself. But I think, as a whole, the advisory market is becoming a lot more sophisticated, which I think is a good thing. ❁