

Bitcoin – The need for Independent Advice.

It's hard to avoid the noise and interest being generated around crypto-currencies at the moment. The recent surge in the price of Bitcoin and the speculative chatter about what it all means has seen a lot more investors asking about crypto-currency as an investment both inside Superannuation and outside with many drawing comparisons to gold and other traditional investments.



Whilst mainstream superannuation fund portfolio managers are not so eager to join the hype there is increasing interest in the self-managed super fund (SMSF) space.

A popular question we hear at the moment is 'Can I invest in crypto-currencies through self-managed superannuation'.

The answer to that question is 'yes', but its important to note upfront crypto-currencies are volatile, risky, complex and susceptible to risks that other asset types aren't, and like any investment, it is important to understand how crypto-currencies work before you go jumping in to the unknown.

We strongly encourage SMSFs to seek independent professional advice before undertaking any new investment in their SMSF, including investments in crypto-currencies.

Crypto-currencies are a legitimate form of investment for SMSFs as long as;

Trust deeds may need to be updated to authorise cryptocurrency investing.

They comply with the fund's investment strategy

They comply with superannuation's SISA and SISR regulatory requirements;

Assets must be held in funds name

Assets must be valued according to ATO guidelines

An SMSF cannot purchase crypto-currency from its members.

Once the crypto is acquired, the trustee is responsible for securely storing the crypto.

Things to consider when adding crypto-currency to a SMSF

- There are tax advantages to holding crypto-currency in a SMSF, but there are also downsides. Depending on your situation, the downsides may outweigh the benefits.
- As we have mentioned crypto-currencies are unpredictable and volatile. As such, it may be better suited to younger people with a higher tolerance for financial risk than people closer to retirement.
- Different forms of crypto-currency custody carry different risks. The trustee needs to be well prepared if they'll be handling private keys, but holding funds on exchanges is widely regarded as being less safe than taking personal custody.
- The platforms or exchanges where you buy and sell crypto-currencies are not regulated.
- Starting and operating a SMSF means taking on a lot of responsibility. Superannuation is highly regulated and must be taken very seriously. Contravening the rules can have severe consequences.
- The cost to set up and maintain (ongoing) a SMSF.

Risk Warning: Crypto-currencies are speculative, complex and involve significant risks – they are highly volatile and sensitive to secondary activity. Performance is unpredictable and past performance is no guarantee of future performance. We strongly encourage you to seek professional advice before investing in any financial product.

GENERAL ADVICE DISCLAIMER AFSL 418504, ABN 41 152 426 554. This document has been prepared for the general information of investors and does not take into account the investment objectives, financial situation and particular needs of any particular person. Persons intending to act on information in this document should seek professional advice to confirm that the investments or strategies mentioned are appropriate in the light of their particular investment needs, objectives and financial circumstances prior to taking any action. While reasonable care has been exercised and the statements contained herein are based on information believed to be accurate and reliable, neither Maven Capital Pty Ltd nor its employees, agents or Authorised Representatives shall be liable (unless otherwise required by law) for any loss or damage suffered or caused to any person or corporation resulting from or contributed to by any error or omission from such statements including any loss or damage caused by any fault or negligence on the part of Maven Capital Pty Ltd. This email, and any associated files, is intended solely for its addressee. The contents are confidential and may be legally privileged or subject to copyright. If you have received this email in error, you are not authorised to use the information in this email in any way. Please notify the sender by return email immediately and then delete it from your computer. Email transmission cannot be guaranteed to be secure or error free and there is a risk messages may be corrupted, intercepted or lost in transmission. Therefore we do not accept liability for any viruses, errors or omissions in the contents of this message or attachments which arise as a result of email transmission. Statements contained in this email are general only and do not take into account the particular needs, objectives, financial circumstances or investment preferences of any person.