



## Frequently Asked Questions

### SISFA Membership Insurance Cover

**Q1. My administrator is highly competent and I don't expect to have any breaches. Why should I have insurance cover?**

Remember the "Insurance Cover" is a benefit included in your SISFA membership. It does not come at an additional cost. SISFA does recognise that for a range of reasons, and after considering your circumstances, you can elect not to have this cover. However, this decision will not affect the cost of your SISFA membership. SISFA recommends that you consider taking advantage of this membership benefit as compliance mistakes can happen. These mistakes or potential breaches may not be due to the administrator but uncovered by the auditor. The ATO has suggested that if a breach has occurred *"don't hesitate to contact them"* and they will review your case objectively.

Insurance cover allows the Trustee to confidently undertake this action, advise the ATO, knowing that if they fail to get a favorable response they have "Trustees Administration Penalty" insurance to cover any adverse result.

**Q2. As a practitioner, I have arranged "Audit" insurance cover for my clients, including my SMSF clients. Why should my SMSF clients consider the "Audit" Cover under the SISFA Membership?**

As you are aware the "Audit" Insurance is incorporated into the SMSF SISFA Membership fee. You will find that most of the other "Audit" insurance policies, currently available on the market, is packaged as a "business cover" which covers clients for audits pertaining to taxation breaches only. SISFA's "Audit" insurance on the other hand, not only covers the SMSF clients for the cost of audits for taxation breaches, BUT ALSO for the cost of audits for "Administration Penalty" compliance breaches. The SISFA "Audit" Insurance Cover is specifically designed for an SMSF and its Trustees.

**Q3. Is any of the insurance premiums payable by the SMSF?**

No! SISFA has organized this insurance at no cost to its Members for their benefit. SISFA pay the Insurance premiums as the insured. SISFA is the policy holder and has decided to offer this benefit intrinsically incorporated into your SISFA Membership. The SISFA Membership fee is payable by the SMSF.

**Q4 As a SISFA Member am I required to nominate for insurance cover?**

No! One of SISFA's objectives is to assist, guide and protect Trustees of SMSF and assist them to be compliance conscious so as to minimise the risk of the "regulatory world". The cost of the insurance is paid for by SISFA, as the insured, for the benefit of that Member. However, the Member can choose not to have the insurance cover. The Membership fee remains the same.

**Q5. Can I claim any of the insurance premiums as a tax deduction?**

No! The SMSF will pay the SISFA membership fee. There are precedents that an SMSF can claim a deduction for a membership fee if the SMSF is invoiced directly by that organisation which is a superannuation body providing services (TR93/17).

**Q6. What sort of events do the “Trustees Administration Penalty” insurances cover?**

As a Trustee is fully and personally financially liable for breaches, which may occur under the Administrative penalties, outlined in Section 166 SISA 1993, the insurance will cover each insured Trustee up to a \$25,000 limit per claim (Please refer to the policy wording for coverage details). (The description of these penalties is outlined in the SISFA Membership Certificate).

**Q7. What level of insurance cover does SISFA’s policy provide to me as a member?**

This is governed by the event and the insurance claimed. The “Audit” Insurance can pay up to - \$10,000 per claim; “Trustee Administrative Penalty” Insurance can pay up to - \$25,000 for each insured trustee per claim. (Please refer to the policy wording for coverage details).

**Q8. My SMSF already has tax audit insurance cover as part of another “ family group tax audit insurance cover”. Can I just get cover for the “Trustee Administration Penalty” insurance component or must it be taken for the both insurance covers?**

BOTH insurance covers are incorporated into your Membership fee and ARE NOT an additional cost to the Member. You can elect not to have the “Audit” Insurance component with SISFA and only have the “Trustee Liability Penalty” component. Consideration should be given to the “family group tax audit insurance cover” and determine which tax entities are selected for the “tax audit” cover. By not nominating the SMSF as part of the “group cover” may reduce the premiums for the “family group”.

**Q9. Who is the underwriter of the insurance policies?**

The insurance policy has been developed and is administered by CoreSuper Pty Ltd. The insurance policy is underwritten by The Hollard Insurance Company Pty Ltd. Hollard is an Australian insurer, prudentially regulated by APRA with an AFS Licence authorised by ASIC. For more information visit [www.hollard.com.au](http://www.hollard.com.au)