Structure Beats Prediction

How to Pressure-Test an SMSF Property Strategy Before You Commit

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Foreword to the 2026 Edition — When the Window Closed

In Chapter 2 I wrote that the legislative window allowing an SMSF to borrow against residential property had been narrowing for a decade, and was still narrowing as I wrote. Between that draft and this edition, it narrowed to a close.

In June 2026 the government banned new limited recourse borrowing arrangements over residential property held inside super.

If you bought this book to learn how to borrow inside your fund to buy a residential property, I owe you the truth plainly: for a new arrangement, that door is shut. Existing arrangements are grandfathered, and transitional treatment for deals already underway is being settled as I write. The fund can still own residential property. What it can no longer do is take on new borrowing to get there.

I could have quietly revised the chapters and said nothing. I would rather do the opposite, because what just happened is the argument of this book, demonstrated live.

This was never a book about a borrowing trick. It made one case: structure beats prediction. An investor whose strategy only worked while the borrowing rule held was predicting

— predicting that a known-direction tightening would stop politely short of them. An investor who built for being wrong, who asked "what must this survive," who kept the buffer and never let one mechanism become the whole plan, is the one still standing this morning. Their strategy never rested on the single thing that got removed.

The rule changed fast, with little notice. That is precisely the kind of event Chapter 2 told you to assume rather than forecast. If the ban caught you off guard, the book's point lands harder, not softer.

So read on, with two adjustments in mind.

Wherever the chapters that follow describe borrowing inside the fund as an available step — the suitability questions in Chapter 1, the two-stream posture in Chapter 2 — read them as the architecture that applied up to June 2026, and as the reasoning that still governs grandfathered and non-residential structures. The discipline has not changed. The menu it gets applied to is narrower.

And the diagnostic is the part that matters now more than ever. The seventy-two-hour test in Chapter 6, the buffer system in Chapter 7, the five-question self-check in Chapter 8 — none of them depended on borrowing. They were always about whether a structure can survive pressure. A government has just applied the pressure. The questions still work.

There are structures that survive the new rules. This book does not lay them out, for the same reason it never laid out a deal: the specifics belong in a conversation that can see your fund, not in a paperback that cannot. What this book gives you is the standard to judge any structure put in front of you — including the ones that still stand.

The window narrowed exactly as I said it would. The investors who built for that are fine. That is the whole book, and the news just proved it.

— Juan Jeffery, Perth, June 2026

Free Resource For Readers

Before you act on any SMSF property idea, run the numbers through a structure-first lens.

Download the complimentary **Wealth Path Calculator** at:

healthywealthyinvestor.com.au/calculator

You will also receive *Engineer Your Retirement*, my weekly note on SMSF property, credit structuring, lending policy, and structural decision-making for Australians who want more than generic property commentary.

No hype. No "secret loophole" nonsense. Just the structural questions that should be answered before anyone trusts the deal.

Introduction: Read This Before You Trust The Pitch

When I came to SMSF property as a category, I was suspicious of most of it.

I was suspicious of the polished one-stop-shop funnels that quoted setup fees in the low thousands while embedding referral arrangements, valuation surprises, and developer kickbacks the buyer never saw on a statement. I was suspicious of advisers who answered questions outside their licensed lane and described that as "experienced general guidance." I was suspicious of seminars whose deck was always closed by the same dual-key floor plan, no matter what fund the audience was bringing. I was suspicious of headline rates that turned out to need a borrower profile nobody in the room actually held. I was suspicious of "your SMSF cannot afford it" being delivered as a serviceability verdict by someone who was not credit-licensed to deliver one.

Most of what I was suspicious of turned out to be correct.

But not all of it.

What I learned, after enough cycles, was that SMSF property has two distinct approaches. One is a structure built to survive what is going to happen to it across fifteen or twenty years. The

other is a transaction someone wants to close in the next ninety days. The first is rarer, and harder to assemble. The second is the one most readers have already been pitched.

This book separates the two.

It is written for readers who already participate in property. If you have a principal place of residence, an investment property or two, or a portfolio built over a decade or more, you are the audience. SMSF is a new vehicle to consider alongside what you already hold — not something you are being asked to abandon your existing property for, and not a rung above it. They are different structures with different jobs.

Private investment property runs under the National Consumer Credit Protection (NCCP) regime, with consumer-style borrower protections and one liquidity profile. SMSF property runs under the Superannuation Industry (Supervision) Act (SIS Act), with retirement-environment rules and a different borrowing structure. Both can be right at the same time. Choosing one does not disqualify the other.

What this book asks is narrower: not whether SMSF replaces what you already have, but whether it earns its place alongside.

The question is not, "Does SMSF property work?"

That is too broad to be useful.

The better question is:

Can this specific SMSF property structure survive pressure?

Can it survive higher rates? Vacancy? Lender policy changes? Legal document mistakes? Lower liquidity? Contribution limits? Retirement timing? Division 296? A property that looks attractive but does not fit the fund?

That is what this short book is about.

It is not a pitch that everyone should buy property in an SMSF. It is not personal financial advice. It is not a promise

that property will outperform shares, industry super, or any other investment path. Your licensed financial, tax, legal, and credit advisers will be the ones who decide whether any of this applies to your circumstances.

This book is a structure test.

I spent more than twenty years in corporate infrastructure across Australia, Papua New Guinea, and the Solomon Islands. That work was not project management. It was project finance structuring. It was negotiating mezzanine capital to get developments off the ground when senior debt alone would not support them. It was Sarbanes-Oxley sign-off on the governance controls that sat under the financial results. It was leading commissioning and ramp-up so the asset that was built actually delivered. Ramp-up was followed by cash-cost reduction programs so the asset's economics held. The outcome, over enough cycles, was multi-billion-dollar revenue delivery for Fortune 500 and SME parent companies.

In that environment the order of work was never negotiable.

Finance came before anything else — not in the sense of waiting for approval, but in the sense of engineering the capital stack correctly on day one. Every tender line item had to be fully funded in its own right so execution could run without mid-project funding gaps. If the capital stack was not engineered up front, no amount of operational discipline downstream could rescue the project.

Fiscal governance sat over the top of that finance. Under Sarbanes-Oxley, every dollar of sustaining capital had to be verifiable: where the funds came from, what they were applied to, whether the invoices were legitimate, whether the contracted timesheets referred to real people doing real work, whether the labour and supply sources stood up to audit. If

the numbers could not be trusted at that level of detail, the financial result was not a result — it was a guess.

Profit sat last, because profit was a designed output, not a target. It only showed up when the cash cost of producing each unit ran materially below the market price of that unit — when the spread between production cost and realised price was wide enough to carry financing, governance, and sustaining capital over the long term. Chasing profit without finance and governance in place produced short-term numbers and long-term fragility.

That sequence is what I brought with me when I moved into finance and SMSF credit structuring.

In infrastructure, nobody serious hopes a bridge will hold. You design for load. You design for weather. You design for failure points you hope never arrive.

Most investors are trained to ask prediction questions:

- Will rates fall?
- Will Perth or Brisbane keep rising?
- Is now the right time?
- Will this dual-key property rent quickly?
- Will the tax rules stay the same?

Those questions are natural, but they are not enough.

Structure questions are different:

- What happens if my forecast is wrong?
- What does the SMSF need to hold in cash?
- What can the fund not do later because of the Limited Recourse Borrowing Arrangement (LRBA) rules?
- Who has checked the trustee, bare trust, lender, and settlement sequence?
- Does the strategy still make sense after fees, higher rates, lower LVRs, and admin?

- Is the next step diagnosis, or am I being pushed and rushed towards a deal?

Prediction is about trying to be right. Structure is about surviving being wrong.

This book gives you the structure you needed, not the permission you didn't.

Chapter 1

Why SMSF Property Feels Both Powerful And Suspicious

The reasons it feels suspicious are easy to enumerate. A common pattern is an eight-thousand-dollar setup fee embedded in a referral arrangement the fund never sees on a standalone invoice; a contract price of seven hundred and fifty thousand dollars locked in early against a subsequent valuation that comes back nearer six hundred and fifty thousand; a developer kickback in the order of twenty-five to thirty-five thousand dollars that does not appear on any statement the fund receives. The buyer is told the deal is "vertically integrated." The fund is told nothing.

That pattern is real. It is also documented at scale — sample threads on the Australian SMSF subreddit catalogue exactly these mechanics, and the highest-voted comments are from investors who have either survived the pattern or watched a relative not survive it. The suspicion is not paranoia. It is pattern recognition.

The reasons it feels powerful are also easy to enumerate.

Inside the SMSF environment, leverage is permitted under the LRBA framework. Rental income flows directly into the fund. Earnings on retirement-phase interests sit under different tax treatment than personal investment income. A second income stream — concessional contributions — can run alongside the property's rental yield to amplify what the structure compounds across the holding period. Few other vehicles let those two streams operate together inside a single tax-advantaged container with a single beneficiary structure. The legislative window that allows this combination has been narrowing in legible ways across the last decade and is still narrowing today, so the structures that get built well now are built against a known-direction tightening, not against a stable backdrop.

Both observations are correct at the same time. That is the paradox.

The structure is genuinely powerful. It also genuinely attracts misuse, because powerful structures attract powerful misuse. That is true of corporate finance, of trust law, of hospital governance, and it is true here. The power and the misuse are not opposites pulling apart. They travel together.

What separates one from the other has nothing to do with how loud the pitch sounds. It comes down to whether the structure fits the fund, the borrower, and the asset on one side, and the lender, the cash flow, and the long-term plan on the other. Miss one of those and a good-looking deal becomes a fragile position. Hit all six and a strategy most readers were told to be cautious of becomes one of the cleaner things a careful investor can build.

If you already hold three, four, or five private investment properties, the next-vehicle question — private or SMSF —

eventually lands on a careful investor's desk. This chapter does not answer it. It positions you to ask it on your own terms.

The Questions People Are Really Asking

Financially literate readers quietly asking the internet whether SMSF property is worth it are usually not looking for a textbook explanation of limited recourse borrowing arrangements.

They are asking:

- If this is so good, where is the catch?
- Are the costs worse than the marketing says?
- Why are the major banks not all over this?
- Will this hurt my personal borrowing later?
- Can I access equity?
- What happens if I need liquidity in retirement?
- Is this a genuine strategy or a property sales funnel?

Those are good questions.

They should not be brushed aside.

A reader who asks those questions is not being negative. They are doing what every serious investor should do before committing retirement capital to a leveraged structure.

They are looking for the load-bearing points.

Possible Does Not Mean Suitable

One of the most dangerous words in finance is "can."

Can an SMSF buy property? Yes, subject to strict rules — residential property included, which the fund can still acquire outright.

Could an SMSF borrow under a limited recourse borrowing arrangement to buy residential property? Until June 2026, yes, if structured correctly. New residential LRBAs are now banned; existing arrangements are grandfathered (see the Foreword). That a door this established could close almost overnight is the book's point, not a footnote to it.

Can all of that still be unsuitable for a particular fund? Absolutely.

"Can" only tells you the door exists.

It does not tell you whether you should walk through it.

A sound SMSF property structure has to answer suitability questions:

- Does the fund have enough balance and liquidity?
- Can the fund service the debt without relying on optimistic rent or rate assumptions?
- Is the property appropriate for the SMSF's purpose?
- Is the borrowing structure compliant?
- Has the bare trust and trustee structure been sequenced correctly?
- Does the strategy preserve enough flexibility for future decisions?
- Is there an exit path if circumstances change?

Those questions are less exciting than a projected rental yield.

They are also more important.

The suitability frame also distinguishes between vehicles. Private investment property answers a different question than SMSF property. Private property runs in your personal name under consumer-credit rules, with one liquidity profile, one set of lender appetites, and one tax treatment. SMSF property runs inside the retirement environment under fund-level rules, the single-acquirable-asset constraint, and a different cash-flow structure. Both vehicles can run alongside each other for different jobs. The fact that one fits a particular reader does not mean the other does not also fit. Choosing one does not disqualify the other.

Your accountant, solicitor, financial planner, and credit adviser each carry part of the answer. None of them carries all of it. That is the gap this book is written to show you how to see.

The Anti-Hype Test

A simple way to test the quality of any SMSF property conversation is to listen for what gets named early.

If the conversation starts and stays with growth, tax benefits, scarcity, and urgency, be careful.

If the conversation also names fees, rates, lender limits, trust structure, liquidity, borrowing impact, documentation, and what could make the deal unsuitable, you are in a more serious conversation.

Good structuring does not hide friction.

It prices friction in.

Being sold a dream skips that step. Testing a structure is that step.

Powerful structures attract powerful misuse. You do not answer that by walking away. You answer it by specifying the structure so tightly that misuse has nowhere to hide.

The rest of this book is that specification.

Chapter 2

Structure Beats Prediction

If you have noticed your own thinking moving from *"is this a gamble"* to *"is this structured correctly"*, you are already here.

That shift is not yours alone. The 2025-2026 conversation around SMSF property — on Reddit, in adviser briefings, in the questions broker clients now ask first — has stopped litigating whether the category exists and started asking what makes a particular structure inside it durable. The category language has moved. This chapter is where the book meets you on that ground.

Property investors used to anchor on prediction:

- Where are interest rates heading?
- Is Perth or Brisbane near the top?
- Will construction costs ease?
- Is now the right time to buy?
- Will this location outperform?

Those questions feel strategic because they sound informed. They are not wrong. They cannot be the foundation. Each one is a forecast — useful as one input among several, fragile when treated as the whole.

Forecasts Are Fragile

If your SMSF property strategy only works if interest rates fall, you are predicting.

If it only works if the property is tenanted immediately, you are predicting.

If it only works if the valuation comes in exactly as hoped, you are predicting.

If it only works if the law, lender policy, personal income, and market conditions all behave neatly, you are not investing. You are balancing a structure on top of a forecast.

Forecasts can be useful.

They should never be the foundation.

The friction that forecasts hide is real. Rates drift. Vacancies happen. Valuations surprise. Lender policy shifts between application and settlement. A forecast-led strategy has no answer when one of those moves the wrong way.

A structured one already does. The structure decides in advance which forecasts it is willing to be wrong about — and how wrong — without the position breaking. Prediction is what the trustee stops doing once the structure can carry the variance.

Structure Is Built For Being Wrong

Structure thinking asks different questions:

- How much can rates rise before this becomes stressed?
- How long can the fund carry vacancy?
- What cash buffer sits inside the SMSF after settlement?
- What happens if lender policy tightens?
- What happens if the member's personal borrowing needs change?
- What happens if the property cannot be sold quickly?
- What happens if tax law changes?

These questions are not pessimistic.

They are the basic engineering questions of wealth.

In infrastructure, you do not design for the sunny day. You design for load, wind, fatigue, drainage, movement, and redundancy. You design for failure points you hope never arrive.

SMSF property deserves the same discipline.

Two Streams Inside One Structure

Most super assets deliver one income stream. A balanced fund delivers a blended return. An indexed equity fund delivers dividends and capital growth as one unified line. The trustee owns a unit in a pool and watches the unit price.

SMSF property under a Limited Recourse Borrowing Arrangement delivers two concurrent streams. Rent arrives weekly or monthly into the fund's bank account, net of expenses. Capital growth on the underlying property compounds in the background, amplified by the borrowed portion of the purchase price. Both streams operate inside the SMSF's tax environment — fifteen per cent during accumulation phase, zero during pension phase. Above a $3M total super balance, an additional Division 296 layer applies; that is a known fact of the architecture, not a deal-breaker and not a window.

The leverage point matters but does not need to be dressed up. Up to June 2026, the legal architecture let the fund borrow against a specific asset under SIS s67A — the same provision that contains what the fund cannot do (cash-out refinances, structural improvements). The borrowing is what made the dual-income posture available, and it still governs the funds that built under it before the rule changed. (New residential borrowing inside super has since been banned — see the Foreword.) The constraints that come with it are what keep the structure from being a personal-name property in disguise.

The structure does not promise outcomes. It positions the trustee to keep what time, contributions, and the long-run yield-and-growth profile of well-selected residential property already earn. The discipline in Chapter 4 — pricing every friction in — is what lets that posture survive a fifteen-year

hold. The discipline in Chapter 6 — the seventy-two-hour test — is what stops the trustee walking into a structure that cannot.

This is what the LRBA cost and the SMSF complexity buy. Unnamed, the friction-heavy chapters that follow read as a tax on a benefit the reader cannot see.

The Sequence, Not The Single Deal

The bank borrowing against a property in the fund is the leverage mechanism. It is not the strategy.

The strategy is sequencing. A first SMSF property is rarely the destination — it is the first slot in a stacking discipline that compounds across cycles. Stacking discipline means a sequenced set of acquisitions paced by serviceability headroom, asset selection that fits the fund's posture, cycle timing that does not force the next purchase, and a maintained buffer that survives the gap between acquisitions. The pace is set by what the fund can afford to carry, not by what an adviser can write into a meeting calendar.

Treating the first property as the destination is the failure mode this section diagnoses. It converts a structure into a transaction. Once the first property is held, the question is not *"how do I exit this"* — it is *"what does the next slot look like, and when can the fund support it without compromising the first one?"*

Compounding inside the SMSF's tax environment means stacking inside the fund compounds faster than equivalent stacking in personal names — same underlying assets, different tax rate on the income, different drag on the growth. Across a fifteen-year horizon that gap is structural, not marginal.

Leverage is an accelerant. It compounds discipline as readily as it compounds the absence of discipline. Maintain the stacking discipline across cycles and it becomes the slow ex-

pression of a competence the trustee has already built. Run the same stacking attempt without it and you get a series of forced acquisitions the fund eventually has to unwind.

You do not need to predict which year the market will run. You need a stacking discipline that compounds across the years it does and the years it does not.

What This Means In Practice

Two investors can buy similar properties and get very different outcomes.

One buys because the yield looks strong and the location is popular.

The other asks whether the fund can survive higher rates, whether the loan leaves enough flexibility, whether the documentation respects the trustee structure, whether the property is appropriate for the retirement strategy, and whether the cash buffer is real.

The first is trusting the deal to behave.

The second has already priced in that it might not.

That is the whole of structure-first thinking. Not a mindset — a standard you run before the money moves.

Before you trust any SMSF property strategy, ask:

What must this structure survive for me to still be okay?

Your financial planner will carry the investment lens. Your accountant will carry the tax lens. Your solicitor will carry the legal lens. A structure-first credit adviser carries the lender lens, and reads how the four — investment, tax, legal, lender — hold together under fifteen years of pressure that none of them sees alone.

Prediction is a tax on the people who cannot build. Structure is what the people who can build hold instead.

The next chapter shows why the difference between the two survives even when the rate, the property, and the settlement date all look fine.

Chapter 3

The Deal Is Not The Structure

Spruikers sell deals. A structure-first credit adviser designs structures. The deal is the output, not the input.

That distinction is invisible from inside a transaction — and it is the difference between an SMSF property hold that survives fifteen years and one undone by a clause in a document the trustee never knew was negotiable.

A lender's business-development manager asked me recently what "credit structuring" means.

Not a retail borrower. Not a first-time investor. A business-development manager from an SMSF-active lender, whose job is bringing new business in, asking in a professional conversation what the discipline actually consists of.

If the lender's own representative is unclear on the difference between processing a transaction and structuring one, consider what that implies for the client who is being walked through the transaction. The client is not in a position to second-guess a question the lender's own people are still forming.

That is the starting point for this chapter.

The most expensive mistake in SMSF lending often has nothing to do with the interest rate.

That is hard for people to accept because rates are visible.

A rate can be compared. A repayment can be calculated. A loan amount can be approved. A settlement date can be tracked.

Structural risk is quieter.

It lives in the documents, the capacity in which people sign, the trust setup, the sequence of events, and the assumptions nobody thought to question.

The Thirteen Documents

Thirteen documents landed on my desk for an SMSF property transaction.

Standard bridging facility. The kind of transaction that passes through multiple hands before settlement: lender credit department, legal platform, settlement team, broker, client.

Most people would check the loan amount, rate, fees, settlement date, and special conditions.

I read all thirteen.

Three of them contained statutory declarations that would have required the fund's members to personally swear that they would refinance through a specific lender after the build completed.

Not the SMSF trustee making a decision in its proper capacity.

The individuals.

Personally.

Binding a future lending decision before the first slab had been poured.

That matters.

An SMSF operates through trustees. Trustee duties are not a decorative layer. They are the legal machinery of the fund. When a document asks individual members to personally commit to a future lending arrangement, it can cross a line that the structure is supposed to protect.

The documents looked routine.

The risk was not.

The templates themselves were not malicious. They were built for personal lending and mis-applied to a self-managed fund operating under trustee duties. Nobody in the chain had stopped to check whether the paperwork was consistent with how an SMSF is permitted to operate. Your solicitor and SMSF specialist are the people who can confirm whether a specific document is sound for your fund.

Processing Is Not Structuring

Transactional lending asks:

- Is the loan approved?
- Is the rate competitive?
- Does the LVR meet policy?
- Can settlement happen on time?

Structural advice asks:

- Who is making this commitment?
- In what capacity are they signing?
- Does the document respect the SMSF trustee structure?
- Does it preserve future discretion?
- Does it create a compliance issue later?
- Does the fund still control its own decisions?

Both layers matter, but they are not the same job.

A transaction can be processed correctly and still be structurally weak. The structuring layer closes that gap by reading every document against the legal architecture the fund is supposed to operate under, and revising the ones that do not fit before settlement closes the option to revise them.

Most investors never see that gap. Closed once, before settlement, it stays closed.

This Is Not A Rare Edge Case

Statutory declarations that bind personal commitments are one example. There are others that show up often enough to name:

- **Bare trust and corporate trustee naming errors.** The holding entity on the bare trust does not match the SMSF trustee at settlement, and the lender's securities documentation refers to the wrong capacity.
- **Refinance conditions baked into pre-completion contracts.** The fund is effectively committed to a particular lender's refinance pathway before the build finishes, reducing optionality when the time comes.
- **Lender title requirements that conflict with LRBA structure.** The lender's standard title-holding model assumes personal borrowing and has not been adapted for the single acquirable asset rule.
- **Settlement sequencing that puts the bare trust on title before the SMSF trustee is ready to execute.** The order of steps is legally possible but creates stamp duty, tax, or compliance risk that could have been avoided.
- **Related-party service-provider conflicts.** A builder, adviser, or manager with a relationship to a member creates a risk that the fund cannot deal at arm's length without specific advice.

Each of these can be corrected before settlement if someone reads the documents against the structure they are supposed to serve, not just the rate schedule.

Your solicitor, SMSF specialist, or credit adviser will be the ones who resolve a specific issue in your fund.

What Happened Next

In the thirteen-document case, the declarations were identified, escalated, and removed. The lender re-issued the contract clean. The work to do that takes a few business days; the work to undo a structural error after settlement can take years.

Settlement could then proceed on terms that preserved the trustee's discretion.

That is what a sound structure does.

It protects the fund before the problem becomes visible to everyone else.

Five Lenders, One Specific Match

There is another way this plays out. Consider a Perth couple in their forties exploring an SMSF new-build purchase via an LRBA on completion. Their application was workshopped across five SMSF-active specialist lenders. Same fund. Same borrowers. Same income. Same builder.

Four declined. One offered a conditional path forward, subject to lender assessment.

The serviceability outcomes differed by a significant margin under identical inputs, subject to each lender's policy. Nothing about the couple changed between applications — what changed was how each lender treated SMSF buffers, contribution income, depreciation, and the serviceability buffer rate.

A loan decision from any single lender is a point-in-time outcome under that lender's policy. Sound structure is the thing that decides whether the application is achievable, repeatable, and safe under pressure. This outcome is illustrative of one workshop; your application will depend on the lenders and

policies available at the time, and your licensed credit adviser will run the comparison for your fund.

The Question To Ask

If you are planning to hold property inside an SMSF, ask this before you become impressed by the rate:

Who is reading the documents against the structure they are supposed to serve?

Not just the rate schedule.

Not just the loan offer.

Not just the settlement checklist.

The documents against the SMSF's legal and strategic architecture.

If the answer is "I am not sure," that is not a criticism. Most fund members trust the process. Most of the time, the process works.

But when it does not, the consequences rarely show up as a slightly worse interest rate. They show up as a structural problem that can be difficult or impossible to unwind after settlement.

The structure is what protects the fund when the deal starts behaving badly. And the first deal is not the destination — it is the first slot in a stacking discipline that applies the same structuring question to every subsequent acquisition. The trustee who masters the question once does not have to re-learn it for the second property, the third, the fifth.

You can stop asking which lender has the lowest rate this quarter. You can stop asking whether the builder will throw in the air-conditioning upgrade. You can stop asking whether the developer's "incentive" is generous enough to swing the contract.

Those questions belong to the deal. The deal is not the structure.

The next chapter shows what it actually costs to hold an SMSF property — every friction, named, and what each one buys when it is priced into the design.

Chapter 4

The Friction Ledger

A fifteen-year SMSF property hold has five frictional costs. Each one is unavoidable. Each one has a structural response. Read this chapter as a ledger — friction on the left, design decision that contains or prices it on the right.

Friction	Design decision that contains or prices it
Lending friction — buffers, LVR ceilings, narrower lender pool, depreciation that is real for tax but invisible to serviceability	Choose the SMSF-active specialist lender whose policy fits the structure; price the buffer into the year-one model; lower the LVR before lowering the standard
Setup friction — establishment, corporate trustee, bare trust, legal across multiple parties, audit, settlement sequencing	Bring every cost into the decision before settlement; design the sequence; document the capacity in which each party signs

Friction	Design decision that contains or prices it
Liquidity friction — equity release structurally prohibited under the LRBA framework, renovations regulated, related-party use restricted, pension-phase liquidity matters later	Hold the cash buffer as a structural asset; treat it as a serviceability lever, not idle reserve; size it for the worst quarter, not the average year
Personal borrowing friction — an SMSF loan can interact with what you can borrow personally for a home, business, or further investment	Coordinate the personal and SMSF positions before either lands; sequence them so neither blocks the other
Advice friction — accountants, planners, brokers, lenders, property providers each have their lane, and the strategy fails in the gaps between them	Sequence the lanes; route each question to the authorisation that covers it; do not compress a non-credit comment into a credit decision

That is the ledger. The rest of this chapter enumerates each friction with the numbers and the policy that govern it, and closes each one with the design decision that contains or prices it.

Read the ledger the right way and it does not talk you out of the structure. It shows you the part most readers never see — the part that decides whether the rest of it holds.

The Lending Friction

SMSF lending is not ordinary investment lending with a different label.

The lender pool is smaller. Major banks are generally not active in the SMSF LRBA space. Specialist and second-tier lenders do more of the work.

That changes the structure in practical ways:

- rates can be higher
- LVRs can be lower
- policy can be narrower
- documentation can be heavier
- legal review can be more involved
- lender appetite can change quickly

None of that automatically kills the strategy. What it means is that the strategy has to work after those constraints are included. If the deal only looks good when modelled at ordinary investment-loan pricing, it is not ready.

The serviceability buffer

Most lenders apply a serviceability buffer of around 3% above the contract rate when assessing your loan. That has been the prudential standard for residential lending since November 2021, set by the Australian Prudential Regulation Authority in its guidance for authorised deposit-taking institutions. Most specialist SMSF LRBA lenders apply the same buffer or higher. The buffer is regulatory guidance, not legislation, and it can move — but the floor is now around 3%, not 2%, and the gap between SMSF lending policy and standard residential has narrowed.

On a typical SMSF LRBA of seven hundred thousand dollars, a 3% buffer adds tens of thousands of dollars to the assessed annual repayment compared with the contract-rate repayment. That does not mean the strategy fails. It means the strategy has to service at the higher assessed number, not just at the contract rate. A structure that is comfortable only at the contract rate is not yet a structure; it is a forecast.

Ask your licensed credit adviser to model both the contract-rate repayment and the assessed repayment, with the buffer applied, before you rely on any serviceability figure.

The LVR lever

Lowering the LVR is a lever, not a punishment. On a typical SMSF LRBA of seven hundred thousand dollars, moving from 80% to 75% LVR can reduce the assessed repayment by several thousand dollars per year. Moving from 80% to 70% can reduce it by roughly double that amount.

Specific numbers depend on the lender's rate, buffer, and assessment methodology. Your credit adviser will run the exact figures for your fund. The principle is simpler: if serviceability is tight at maximum borrowing, the next lever is usually LVR, not optimism.

Depreciation that counts for tax but is invisible to serviceability

A new dual-key build can generate ten to fifteen thousand dollars per year in depreciation deductions under Division 43 (capital works) and Division 40 (plant and equipment). That is genuine tax value, subject to the deductions available in your specific circumstances and your licensed tax adviser's calculation.

It is not, however, income that every lender recognises for serviceability assessment.

Several SMSF-active specialist lenders apply their serviceability assessment to rental income and contributions, without adding a notional credit for depreciation. The tax model and the lending model are answering different questions, and they do not always agree on the same deal.

That gap matters for planning. If the strategy relies on depreciation to carry the serviceability case, the deal may not pass the lender's assessment even when the after-tax cash flow looks sound. The conclusion is not that depreciation is unimportant.

It is that depreciation is a tax lever, not always a lender lever, and a sound structure accounts for both layers separately.

The design decision is to choose the SMSF-active specialist lender whose policy fits the structure rather than the lender whose headline rate fits the spreadsheet, to price the full assessment buffer into the year-one model rather than the contract-rate repayment, and to treat a lower LVR as a structural lever rather than as a punishment. Lending friction does not go away. It moves from "surprise on application" to "priced into the design."

The Setup Friction

An SMSF property purchase can involve:

- SMSF establishment or review
- corporate trustee setup
- bare trust setup
- legal advice for the fund and for each party
- lender legal requirements
- accounting set-up and annual audit
- property due diligence
- loan application and assessment
- settlement sequencing

Those pieces cost money. The exact figures depend on your structure, state, advisers, and lender. Costs range widely, and a rough estimate in isolation is not useful. What matters is that all of them show up in the decision model before settlement.

They also create opportunities for mistakes. The sequence matters, the parties matter, and the capacity in which documents are signed matters.

A good structure does not pretend these items are small. It brings them into the decision early.

The design decision is to bring every cost into the year-one model before settlement, to design the sequence in which corporate trustee, bare trust, lender legal, and property settlement land, and to document the capacity in which each party signs at every step. Setup friction is the structure being built correctly the first time, where rebuilding it later costs an order of magnitude more.

The Liquidity Friction

SMSF property is less flexible than property held personally, and that is not a minor detail.

With a Limited Recourse Borrowing Arrangement, you cannot treat the property like a personal redraw facility. The borrowed money can only be used to acquire and hold a single asset — that is the rule under Section 67A of the Superannuation Industry (Supervision) Act, not a lender preference. Once the property is settled, the LRBA cannot be used to release equity for other purposes, to fund renovations beyond what the rules allow, or to buy other assets. Refinancing the loan is possible under Section 67B, but the new arrangement must stay attached to the same property and cannot be used to take cash out.

Renovations to a property held under an LRBA are tightly regulated as well. The borrowed money can fund repairs and maintenance — work that restores the asset's function or prevents deterioration — but it cannot fund improvements, which is the SMSF Ruling 2012/1 line for work that makes the property better than original or changes its character. The fund can use its own cash for improvements within limits, but the LRBA itself cannot. Structural renovations, extensions, and

dual-key conversions typically sit on the improvement side of the line and require specialist sign-off before any work begins.

Related-party use rules restrict who can use the property. Pension-phase liquidity matters later, when minimum pension payments and member drawdowns start to draw on the fund's cash position rather than its property position.

If the fund becomes too concentrated in one illiquid property, the structure can feel fine during accumulation and awkward when minimum pension payments or unexpected costs arrive. This is why cash buffers are not decoration. Liquidity is structural.

Cash inside the fund is a structural asset

A common mistake is to treat the SMSF's cash buffer as idle money. In many lender models, that cash can be a serviceability lever. Some SMSF-active lenders will recognise a deemed investment return on the fund's cash balance, subject to their policy and your circumstances. On a buffer of a few hundred thousand dollars, that recognition can translate into a meaningful amount of additional assessed income, subject to each lender's policy.

That does not mean the cash should be used up at settlement. It means the fund's cash is not just a safety net. It can be part of the serviceability case. Your credit adviser will know which lenders treat it that way.

The design decision is to hold the cash buffer as a structural asset rather than as idle reserve, to treat it as a serviceability lever where the lender's policy allows, and to size it for the fund's worst quarter rather than for its average year. Liquidity friction is not the absence of cash. It is cash that has been pre-deployed against minimum pension obligations, vacancy windows, rate movements, and the concentration that

an LRBA-held property is going to carry for fifteen years or more.

The Personal Borrowing Friction

An SMSF loan can also interact with personal borrowing capacity.

The details depend on lender policy, personal income, the fund's position, guarantees, and broader circumstances. This is not a place for guesswork.

The important point for this book is simple:

Do not assess the SMSF property in isolation if you also need personal lending capacity for a home, business, family property, or future investment plan.

Some lenders will treat an SMSF LRBA as neutral to personal serviceability. Others will factor it in to varying degrees, subject to assessment. Your mortgage broker or credit adviser will tell you which side of that line each lender sits on, and how that drives the order in which you should approach any combined personal and SMSF strategy.

A sound structure is coordinated. It does not solve one problem by creating another.

The design decision is to coordinate the personal and SMSF positions before either application lands, to sequence them so neither blocks the other, and to test the combined picture against the lenders the household and the fund are likely to use across the next five to ten years. Personal-borrowing friction is the friction that hides until the next move requires both lanes at once.

The Advice Friction

Many people involved in an SMSF property transaction are not responsible for the whole structure.

The accountant may focus on tax and compliance. The solicitor may focus on legal documents. The lender may focus on policy and risk. The broker may focus on loan approval. The property provider focuses on the asset.

Each role can be useful. None automatically guarantees the whole strategy is sound.

When an adviser answers a question they are not licensed to answer

The reverse of this problem shows up more often than most investors realise.

An Australian couple had set up their SMSF with their long-standing accountant. The relationship had already absorbed several rounds of strategy re-scoping — the clients had changed their mind on the direction more than once. Somewhere in the course of another of those conversations, the CPA made a pass-on comment about an SMSF property strategy the couple were exploring. Their takeaway from that comment was "your SMSF cannot afford it." They walked away from the strategy.

The CPA may have meant something more nuanced. "Not now." "Not with these assumptions." Or simply a reasonable defensive signal that the CPA was not going to be pulled into yet another re-worked scenario after the earlier changes of direction. What the clients heard was a flat no on affordability.

The problem is not the CPA's comment in context. The problem is that an affordability question about an SMSF LRBA is a credit serviceability question, and neither the CPA's origi-

nal SMSF set-up work nor the subsequent strategy conversations had been credit-licensed assessments. The CPA's lane was tax and compliance. Financial planners operate under an Australian Financial Services Licence that typically does not extend to credit advice. Credit serviceability assessments under the National Consumer Credit Protection framework sit with licensed credit representatives.

When the lanes get crossed — or when the client compresses a nuanced non-credit comment into a binary credit decision — the result is not neutral. A rough, non-credit-licensed opinion on affordability, or a client's interpretation of one, can be materially different from what a licensed credit adviser would find on a proper assessment across SMSF-active lenders. In several cases I have reviewed, the gap between the adviser-level dismissal and the credit-licensed outcome has been in the order of tens of thousands of dollars per year of net position the client could otherwise have achieved, subject to the lender's final assessment.

That is not a trivial number.

The lesson is not to dismiss the accountant or planner. Their lanes matter. The lesson is that an affordability question about an SMSF LRBA belongs with a credit adviser who holds the authorisation to answer it — and that a non-credit comment from a non-credit adviser should not be collapsed into a flat credit answer in the client's head.

Before anyone — including you, hearing your own adviser out — concludes that an SMSF LRBA "cannot be afforded," ask what authorisation was held to make that assessment. If the answer is not a credit representative number or an Australian Credit Licence, the honest next step is to refer the question, not to resolve it.

Three patterns I see often

Three patterns show up across live broker work. Names and identifying details below are anonymised; the structural pattern is real.

Pattern one: the affordability dismissal.

An Australian couple in their forties approached their long-standing accountant to discuss an SMSF new-build purchase via an LRBA on completion. The accountant's response was, in effect, "you cannot afford it." No credit serviceability assessment was run. No SMSF-active specialist lender was approached. The opinion rested on the accountant's familiarity with the couple's personal tax position, not on the credit serviceability rules that actually govern an SMSF LRBA application.

When the same couple ran the scenario through a licensed credit adviser across multiple SMSF-active lenders, a path forward existed — subject to lender assessment and policy at application. The fund's balance, the contribution pattern, and the property's projected income combined into a workable case at one or more lenders, with lower-LVR and stronger-buffer alternatives also on the table.

The structural cost of the earlier dismissal was measurable. At the point it was raised, the strategy had been on hold for close to a year. During that period, the fund's investment options had not been restructured around a property acquisition path, contribution planning had not adjusted, and the window to act on a specific property-and-build package had already closed.

The lesson is not that the accountant was acting in bad faith. It is that the accountant answered a question outside the lane they were licensed for, and the client took the answer at face

value without seeking the credit-licensed opinion that would have reset the question.

Pattern two: the deal redirect that breaks the buffer.

Another Australian couple, in their forties, held a strong SMSF position — roughly three hundred thousand dollars of cash inside the fund and an SMSF new-build purchase via LRBA on completion already in view, with an underlying property yield that supported serviceability at several SMSF-active specialist lenders.

Their accountant redirected them into a separate transaction before the SMSF LRBA application went to the lender. That second transaction halved the fund's free cash position. No credit-lens review of the move was sought before it happened.

When the original SMSF LRBA application was then workshopped across five SMSF-active specialist lenders, the reduced buffer narrowed the serviceability levers available. Some lenders recognise a deemed return on an SMSF's cash balance as assessable income — a lever worth a meaningful amount of additional assessed income on a buffer of several hundred thousand dollars, subject to each lender's policy. Halving the buffer halved that lever. What could have been an 80% LVR path at one or more lenders became a lower-LVR path at a subset, and in some cases moved into decline territory under that specific lender's policy.

The client ended up worse off by a measurable margin. Same borrowers, same property, same contribution pattern — and a different SMSF cash position that changed the workshop outcome across the whole lender pool. On the serviceability shortfall spread seen in that workshop, the net cost to the client's structural position was in the order of a few thousand dollars per year of assessable income treatment, plus the tighter

LVR and the smaller post-settlement buffer that the remaining cash now had to support.

The accountant's move was sound through the tax lens they were licensed to apply. It was sub-optimal once the credit-serviceability lens was added. Nobody sequenced the two lenses together before the first transaction was committed.

Pattern three: the cross-secured portfolio that blocks the next move.

A professional investor held a personal property portfolio — a principal place of residence plus two investment properties — all financed through a single bank under a cross-collateralised structure. Originally set up for convenience at an earlier refinance, the cross-security had never been revisited as the portfolio grew or as the investor's circumstances evolved.

When the investor moved to add an SMSF property via an LRBA on completion, two problems surfaced simultaneously.

First, the personal borrowing capacity needed to support the SMSF strategy was harder to assess in isolation because the bank's exposure was treated as a package rather than as standalone facilities. The lender's internal serviceability calculation for any incremental request was influenced by the whole-portfolio position, not the specific asset or loan the investor intended to adjust.

Second, releasing equity against one property to support the SMSF contribution required the bank to revalue and re-approve the cross-secured package. That process took time, opened the portfolio to a fresh credit assessment under whatever policy had become current, and in some cases would not have produced the equity release at all, subject to the lender's policy at the time.

The unwind — restructuring the cross-secured package into standalone facilities against each property — was achievable

and the right structural move. It carried cost: discharge fees, revaluation fees, legal fees, and a window of weeks while the new facilities were documented. It also carried benefit: clean lender separability, cleaner equity access on any single asset, and a much simpler serviceability picture when the SMSF LRBA application landed.

The structural lesson is not that cross-securitisation is always wrong. There are specific situations where a consolidated facility makes sense, subject to the investor's objectives and licensed credit advice. The structural lesson is that cross-security decisions made for short-term convenience years earlier can block a strategic move made years later, and nobody in the investor's current adviser group may think to flag the issue until the SMSF LRBA application surfaces it.

A periodic review of the personal credit structure — by a licensed credit adviser, not by the bank that originally set it up — is part of keeping the architecture ready for the next move.

Why these are among the costliest mistakes anyone can make

It is tempting to read the three patterns above as inconvenient but survivable. A missed year here. A tighter LVR there. A portfolio restructure that takes a few weeks. None of it looks catastrophic in isolation.

The reason these mistakes carry such weight, in practice, has nothing to do with the numbers in the year they are made. It has everything to do with what those numbers compound into across the decades the structure is carried.

Consider what an SMSF property structure actually is. It is a long-hold asset. It is typically carried through an accumulation phase of ten, fifteen, twenty, or more years, and then into pension phase where earnings on retirement-phase interests are generally tax-free. The asset base that settles on day one is the asset base that compounds for decades. The serviceability capacity that is locked in at application is the serviceability capacity that drives every future acquisition, refinance, or re-structure within the fund.

That compounding nature is what turns a small decision error into a lifetime cost.

An affordability dismissal that delays the strategy by a year or more is not a year of lost income. It is a year of forgone asset-base growth at the outset of a multi-decade compounding period. The properties and prices available in that lost year do not come back. The contribution caps available in that lost year do not come back. The Division 296 cost-base reset date does not move. A reader in their forties who loses a year to a dismissal that should not have happened may be carrying the consequence of that year into retirement.

A deal redirect that shaves serviceability levers is not a one-year reduction in assessed income. It is a permanently smaller acceptable loan size, which translates into a permanently smaller asset inside the fund, which translates into a permanently smaller growth base, which translates into a permanently smaller pension-phase income stream. The ten or fifteen thousand dollars per year of assessed-income treatment that was lost at application compounds against every acquisition, refinance, and pension-phase assumption that follows.

A cross-secured structure that blocks the next move does not just delay the SMSF LRBA by a few weeks. It can force the investor to accept a smaller SMSF borrowing than they otherwise could have supported. It can force them to skip a property opportunity that had a narrow window. It can lock structural rigidity into every subsequent decision, because the personal-side untangling was too expensive or too late.

None of these are recoverable by "doing better next year."

That is the part that makes them dangerous.

A sub-optimal share purchase can be sold next week. A sub-optimal principal residence can be restructured or moved on. An SMSF property held under an LRBA is far more rigid. Equity release is structurally prohibited under the LRBA framework — that is the SIS Act position, not lender preference. Refinance is permitted under Section 67B but cannot be used to take cash out, and the single acquirable asset rule limits what the fund can do with the asset post-settlement. The structure that settles is, in large part, the structure that is carried.

That rigidity does not argue against SMSF property. It argues for getting the structure right the first time, because the cost of getting it wrong compounds for twenty or thirty years and shows up in the decade a reader is least able to absorb it — the decade they planned to be retired.

These look like administrative slip-ups. They are architectural errors, made in the wrong lane by the wrong adviser and committed before the credit-licensed lens was ever applied. Your licensed credit adviser, tax adviser, and financial planner together can catch them before settlement. Alone, each of them can miss them.

That is why the lane sequence matters.

Why interest-rate chasing and tax-reduction chasing can be even worse

The three adviser-mistake patterns above have something in common with two other patterns that show up even more often, and that cost investors even more across a lifetime: interest-rate optimisation in isolation, and tax-reduction optimisation in isolation.

Both of those feel like wins. That is what makes them dangerous.

Interest-rate chasing. A lender offers a headline rate that appears to be twenty-five or fifty basis points below the investor's current facility. The investor treats it as a clear upgrade and moves.

There are several things that often go unexamined.

The advertised rate is usually the floor of a narrow qualifying band — zero credit risk, minimal policy friction, a specific LVR ceiling, sometimes an owner-occupier-only carve-out. Most real borrowers, once assessed on their actual position, do not qualify for the advertised rate. The rate that lands in the loan contract is frequently not the rate that prompted the move.

Separately, the broking model that surfaced the advertised rate may not have looked past the rate to the structural fit of the loan for the client's circumstances. NCCP best-interest duty applies across the broker community. A compliant broker

weighs more than the rate: the assessment rate used for serviceability, the LVR available for SMSF LRBAs, the treatment of the fund's cash buffer and depreciation, and the lender's policies on refinance, additional borrowing, related-party transactions, and future products the fund may need. A broking model built on transaction volume can result in placement on the lowest headline rate the client qualifies for, even when those structural features are demonstrably not the client's best-interest outcome. The pattern is an incentive issue, not a character issue. The outcome lands on the borrower either way.

The cost shows up in the total cost of loan across the full loan term, not in the first month's rate sheet. A loan on a rate twenty-five or fifty basis points higher, placed with a lender whose policy supports the client's next structural move, will typically produce a lower total cost of loan across a five- to ten-year arc than the advertised-rate loan whose policy blocks the next move.

The most expensive version of the pattern is the one where the headline rate was won by consolidating the borrower's portfolio under a cross-collateralised structure at the retaining lender. In a rising market, cross-security concentrates valuation risk at that lender. Lender valuations during retention can be conservative relative to market, in some cases materially so, subject to the lender's policy. That limits the borrower's ability to release equity, refinance out, or broaden the portfolio. Lender refinance policy may also restrict movement to a dollar-for-dollar basis, and tightened servicing buffers applied at refinance can reduce assessed serviceability below what current market policy would support on a fresh application. Across a three- to five-year window in a strong capital-growth cycle, the borrower's equity is structurally locked. Extracting the cross-security usually requires a specialist bridging facility,

and even after extraction, other lenders may be reluctant to take the residual investment portfolio on a standalone basis until the borrower's personal credit picture is rebuilt.

Total cost of loan across that cycle — factoring forgone equity release, forgone portfolio broadening, forgone compounding, plus the extraction cost — is significantly higher than the slightly-higher-rate loan with standalone facilities would have been.

The structural lesson is that a cheaper rate is a prediction about what the loan will cost. The structural fit of the loan is what determines whether the borrower can still make the next move three years later.

Tax-reduction chasing. The investor optimises the property and structure to maximise short-term deductions. Depreciation is pushed as the headline benefit. Interest deductibility is assumed into every model. The projected tax outcome on the year-one position is exciting.

The trade-offs are harder to see. A property chosen primarily for its depreciation profile may be weaker on tenant quality, growth fundamentals, or long-term resale liquidity. A structure built around maximum negative gearing can produce a cash-flow profile the fund cannot sustain through vacancy, rate rises, or pension-phase transition. A deduction strategy that looks brilliant in the year the asset settles can become a constraint on every decision that follows — because the fund is now carrying an asset whose tax case is strong but whose structural case is not.

What makes these patterns worse than the earlier three

The three adviser-mistake patterns earlier in this section are generally made by somebody else. An accountant, a planner, a bank adviser. The investor can, at least in principle, push back by asking "what authorisation do you hold to make that call," and re-route the question to the right lane.

The rate-chase and deduction-chase patterns are usually made by the investor themselves. There is no other adviser to second-guess. The investor reads a rate comparison, looks at a depreciation schedule, runs a spreadsheet, and executes. The saving appears on paper in the first year. The trade-off does not surface until years later, often in the worst year — the year the fund wanted its next move and the structure could not support it.

They compound against the same long horizon. They often cannot be undone. And they are committed by the decision-maker who trusts themselves the most.

That is why rate and tax optimisation, treated in isolation, can be worse than the adviser mistakes that at least had a second pair of eyes involved.

The structural test for every one of these patterns

The test is the same in every case:

Before accepting an answer that seems to improve one visible metric — affordability, rate, deduction, cash flow, serviceability — ask what the answer costs across every other dimension of the structure.

- What does the fund give up in exchange for this win?
- Which future moves does this make harder?
- Which lanes of advice were not consulted before this decision was committed?
- Who would have seen the trade-off, and were they asked?

The right answer to an SMSF property question is rarely the answer that maximises one number. It is the answer that survives across the decades the fund will carry the structure.

That is what the rest of this book is designed to help you see — a structure test that makes the lane sequence visible before the decision.

What this means for the reader

None of these stories is an argument against accountants or financial planners. Your accountant's tax work and your financial planner's investment advice are essential. The argument is narrower:

An SMSF LRBA affordability assessment is a credit question. A deal that materially changes the fund's cash or income position before the SMSF LRBA lands is also a credit question, because the fund's serviceability case can shift with it. Those questions belong with a licensed credit adviser, in parallel with your tax and investment advice — not downstream of them.

Sequencing the lanes is the structural move.

That is the design decision for advice friction: route every question to the authorisation that covers it, sequence the lanes before any single transaction commits the fund, and never compress a non-credit comment from a non-credit adviser into a credit decision. Advice friction is the friction the rest of the ledger leaks through if it is not contained.

That is the ledger. Five frictions. Five design decisions. Each pairing is a place where the structure has to be built, not assumed.

You cannot eliminate friction. You can refuse to pay for friction you did not design in.

The next chapter takes the corollary: a property that looks excellent on its own can still fail inside a structure that did not price the friction in.

Chapter 5

Why Good Properties Fail Inside Bad Structures

A client once brought me an adviser's "perfect" property recommendation. Prime location. A projected rental yield above 7%. A brand new dual-key setup.

On paper, it looked perfect.

In reality, it was designed to fail.

Not because the property was poor quality.

Because the structure was wrong for superannuation investing.

Across SMSF client situations, three decisions separate strong structures from expensive mistakes. They are not property selection criteria. They are architecture decisions. A pattern I often see is that they are addressed in the wrong order.

Decision 1: Chasing Maximum Cash Flow

The conventional story says higher cash flow equals better investment.

Inside an SMSF, that can be too simplistic.

Maximum cash flow properties often sacrifice the tax benefits, depreciation profile, quality, tenant resilience, or growth potential the fund needs over the long term.

In the case above, the high-yield property generated strong income but offered limited structural benefit where the client needed it most. A lower headline yield new-build with a stronger depreciation profile and better long-term fit produced a more resilient position, subject to the fund's specific circumstances and the advice of their licensed tax and financial advisers.

The point is not that lower yield is always better. It is that yield is only one part of the structure.

A higher yield does not automatically produce a stronger fund. On its own it does nothing for cash-flow elasticity, tax outcomes, lender treatment, or liquidity — yield and resilience are not the same thing.

SMSF property rewards the trustee who balances the whole system, not the one who chases a single metric.

Decision 2: Maximising Borrowing Capacity

Borrowing capacity feels like power.

But maximum debt can reduce structural flexibility.

An LRBA is not a normal personal investment loan. SIS s67A makes equity release structurally prohibited — there is no cash-out refinance and no extracting capital growth back to the fund's bank account through a loan increase. Refinances are permitted only as a same-asset, like-for-like replacement under s67B; the new loan inherits the LRBA constraints in full.

Sometimes the sound move is not to borrow the absolute maximum.

Sometimes unused capacity, lower stress, and faster debt reduction are worth more than squeezing every dollar of leverage on day one.

That can feel counterintuitive.

But a retirement structure should not be built like a short-term speculation.

"How much can I borrow?" is the wrong question to lead with. The one that matters: how much debt can this fund carry while preserving future choices?

Unused borrowing capacity is optionality you have not spent yet. If rates rise, if vacancy lengthens, if the member's personal lending needs shift, if lender appetite tightens, that unused capacity becomes a structural cushion. On day one it looks like a missed opportunity. On day 1,825 it can look like the decision that kept the fund safe.

The numbers make the principle concrete. On an SMSF property where the lender's policy ceiling allows a loan of around eight hundred thousand dollars, choosing instead to draw around six hundred thousand dollars leaves two hun-

dred thousand dollars of capacity inside the lender's approved envelope rather than at the fund's settlement table. The reaction many investors have is: why leave that on the table.

The answer is what those two hundred thousand dollars of unused capacity can do later. As the member's income grows, the fund's contributions can accelerate loan repayment without depending on refinance or equity release. The move to pension phase happens without debt-servicing pressure forcing awkward timing. Future acquisitions or restructures have room to manoeuvre because the fund is not already at its ceiling.

Whether those trade-offs are right for a specific fund depends on the member's age, income trajectory, total super balance, retirement timing, and licensed financial and tax advice. The trade-off itself is structural: leverage at settlement versus flexibility across the decades that follow.

Selection: Existing Or New

Before any of the three decisions in this chapter lands properly, one selection sits upstream: existing or new. Both work in SMSF. The choice is strategic, not categorical, and it is the choice that decides what the rest of the structure has to absorb.

The case for new in SMSF is a full Division 43 capital works depreciation schedule (currently 2.5 per cent per year against the construction cost, running across forty years), plus Division 40 plant-and-equipment depreciation against the fittings on their effective lives. The non-financial case is structural: the property is what the fund holds. There is no later question about which improvements are permitted while the LRBA runs, because the asset already includes them.

The case for existing in SMSF is different and equally valid. The depreciation schedule may be partly exhausted, but yield and capital-growth profile may be stronger; the entry condition lands faster; the market evidence is denser because the property has a sales history and a tenancy history. The fund holds an asset whose behaviour the trustee can read directly rather than projecting from a builder's brochure.

Selection precedes the three decisions in this chapter. Getting Decision 1, 2, or 3 right matters less if the existing-versus-new selection was wrong for the trustee's age, income trajectory, lender pool, and post-pension timeline. The choice is not aesthetic. It is how the chosen property type interacts with the loan, the Stream 1 cash-flow profile, and the buffer the fund needs to maintain.

The trustee selects. The salesperson does not.

Decision 3: Set-And-Forget Property Management

Generic property management optimises occupancy, maintenance, and tenant experience.

That matters, but SMSF property also needs wealth structure thinking.

Timing matters. Repairs matter. Tax position matters. Cash flow inside the fund matters. So does contribution planning.

An ordinary maintenance decision can look reasonable from a property-management perspective and make less sense when viewed through the SMSF's tax and cash-flow position. Timing a significant set of repairs within a single financial year, rather than splitting them across two, can materially change the deduction outcome in the fund.

Consider a fund facing roughly thirty-five thousand dollars of repairs across an eighteen-month window. The property manager's default is to spread the work across two financial years for budget smoothness. Concentrating the same work into a single financial year within the accumulation phase can, in some fund positions, produce a deduction timing benefit of a few thousand dollars relative to the split scenario — material at the fund level, immaterial at the lifestyle level, and a useful demonstration of the principle either way.

Whether that specific number applies to a given fund depends on the fund's tax position, contribution plan, pension-phase timing, and licensed tax adviser's analysis. The structural point is the one the example demonstrates.

The property manager sees a repair bill.

The structure-first operator asks where that repair fits in the fund's broader architecture, and routes the decision through the accountant before it is committed.

The Bottom Line

A property can be good and still be wrong for the structure.

That is why SMSF property cannot be assessed only through location, rent, yield, purchase price, or projected growth.

Those inputs matter.

They are not the structure.

A sound SMSF property decision asks:

- Does this asset fit the fund?
- Does the debt fit the cash flow?
- Does the yield fit the tax position?
- Does the LVR preserve flexibility?
- Does the structure survive bad timing?
- Does the fund retain enough liquidity?

There is a fourth failure mode that runs across all three: treating the first property as the destination rather than the entry-point of a stacking sequence. With no sequence-thinking behind it, each property has to do all the work alone. Yield-chasing compensates for missing growth. Borrowing maxes out because there is no second property to leave room for. Property management defaults to "set and forget" because no broader architecture is being managed.

Sequence-thinking turns each of the three decisions from a one-shot bet into a calibration.

You walked into this chapter asking which property to buy.

You walk out of it asking which structure to buy it into.

That is the question this book is built to answer. The next chapter shows how to apply it under time pressure — the seventy-two-hour test that lets the trustee say yes or no without surrendering the discipline.

Chapter 6

The 72-Hour Structure Test

Quality opportunities move quickly. Your due diligence does not have to disappear — it has to be pre-built.

A client once called me thirty-six hours before signing a dual-key development contract.

"Everything looks great," he said.

The developer was established. The location seemed solid. The projected yield looked attractive.

But something felt off.

The developer could not provide builder references. The site plans showed odd proportions. The contract contained clauses that deserved more attention.

I asked him to hold for seventy-two hours while we ran a proper review.

What we found would have cost him significantly if it had not been caught: a developer with only one prior project, eighteen months unfinished; a site with drainage costs of around eighty-five thousand dollars; and a contract that allowed unlimited cost variations. Final figures on that kind of outcome depend on lender, timing, and resolution, and your legal and building advisers will be the ones who quantify a specific case.

The lesson was simple:

Fast decisions are only safe when the evaluation framework already exists.

What You Can Check, And What Needs Specialist Sign-Off

Some parts of the structure test you can run yourself with a short briefing. Others require specialist eyes before you commit.

Things a reader can check in a first pass:

- Has the builder or developer completed work at the scale and type described?
- Are public records consistent with the marketing claims?
- Does the site present any obvious issues on a visit or aerial map?
- Does the contract's basic structure match what was described in the pitch?
- Are payment stages and completion obligations clear at a plain-English level?

Things that need specialist sign-off:

- Legal review of the contract, bare trust documentation, and SMSF trustee capacity — your solicitor.
- SMSF compliance review of the structure — your SMSF specialist or accountant.
- Lender document review against SIS Act and LRBA requirements — your credit adviser.
- Tax-position analysis including depreciation, contribution planning, and Division 296 exposure — your licensed tax adviser.
- Building consultant review of plans, specifications, and variation risk.

A structure test is not a replacement for any of those specialist passes. It is a framework that surfaces the questions to put to those specialists before settlement pressure arrives.

Component 1: Builder And Delivery Verification

Before you trust the property, verify who is delivering it.

Ask:

- What has this builder completed?
- How long have they been operating?
- Do they have dual-key or comparable experience?
- Are recent clients contactable?
- Are there unresolved disputes or repeated delays?
- Does the builder have the capacity to deliver this project while handling existing work?

You are not looking for perfection.

You are looking for evidence that the delivery risk is understood.

For a new build, the questions sit on the builder, the delivery timeline, and the warranty regime. For an existing property, those questions shift to the body corporate (where applicable), the structural reports, and the strata levy history. The component is the same — verifying who is responsible for the asset's condition before the fund commits — but the documents to read differ.

Component 2: Site And Location Reality

Do not let a glossy yield sheet replace location analysis.

Ask:

- What is driving tenant demand?
- What are comparable rents actually achieving?
- What is the vacancy picture?
- What is the exit market?
- Are there site-specific issues?
- Does the property still make sense if rent is lower than projected?

A location can be fashionable and still unsuitable for the fund.

Component 3: Contract And Structure Assessment

This is where many investors under-read.

Ask:

- What exactly is the SMSF buying?
- Is the structure appropriate for an SMSF new-build purchase via LRBA on completion?
- Are there cost variations?
- Are payment stages and completion obligations clear?
- Are all parties signing in the correct capacity?
- Has the bare trust, trustee, and lender sequence been handled properly?
- Does any document create a future obligation that should not exist?

This is where processing and structuring separate.

The legal and SMSF-compliance layers of this component need specialist sign-off, not reader interpretation. Your solicitor and SMSF specialist are the people who confirm that the answers are sound.

The contract questions look different again depending on selection. For an off-the-plan or new-construction purchase, the focus is sunset clauses, deposit protection, defects period, variation rights, and the order in which the bare trust takes title relative to the SMSF trustee. For a registered-title existing purchase, the focus shifts to the contract of sale, the condition reports, the strata records (where applicable), and the settlement-day documentation. Same component — different paperwork — same trustee discipline reading every page against the structure rather than against the marketing brochure.

Component 4: Financial Validation

The numbers need stress, not decoration.

Ask:

- What is the all-in cost?
- What cash remains inside the fund after settlement?
- What happens at a higher interest rate?
- What happens with three months vacancy?
- What happens if rent is lower than projected?
- What happens if insurance, strata, repairs, or accounting costs rise?
- What happens if the member's personal borrowing needs change?

If the deal only works in the optimistic case, it is not a structure. It is a hope.

Your credit adviser can run the stress scenarios at the lender's assessed rate. Your accountant can run the tax scenarios. Your financial planner can run the pension-phase implications. A structure test lines those outputs up so you see the whole picture.

Moving quickly without being rushed

There is a difference between a process that is fast and a process that is pressured.

Fast means the framework is pre-built. The reader knows which questions to ask, which specialists need to answer them, what a pass looks like, and what a decline looks like. Documents can be reviewed, scenarios can be stressed, and specialist calls can be made inside the window because the system exists before the opportunity arrives.

Pressured means the framework is improvised. Questions get skipped because there is no one to answer them. Specialist review is replaced with reassurance from the person selling the deal. A tight timeline becomes a reason to accept incomplete answers.

Property opportunities can move quickly for genuine reasons — a limited release, a preferred build slot, a contract deadline. Those reasons are real and do not, by themselves, signal a problem. The problem arrives when speed is used to suppress questions rather than to focus them.

The seventy-two-hour test works because it is a framework, not a rush. Its purpose is to let a reader engage with a genuine opportunity at its own pace without losing the questions that matter. If the opportunity cannot survive a structured seventy-two hour review, the issue is almost never the opportunity's pace. It is the opportunity's structure.

Component 5: Risk Integration

The final step is not to average the scores. It is to watch how the risks compound.

A builder issue sitting on top of a tight cash buffer is worse than either issue alone. A high-yield property carrying poor liquidity and limited borrowing flexibility may be weaker than a lower-yield property with better structural resilience. Put a legal sequencing issue next to urgent settlement pressure and you have a warning.

Your decision outcomes should be simple:

- proceed with confidence
- proceed only if conditions are fixed
- request changes
- decline

The purpose of a seventy-two-hour structure test is not to make you reckless. It is to make the structure visible quickly enough to act on.

If a property survives seventy-two hours of deliberate scrutiny — every component questioned, every specialist briefed, every variance stress-tested — it almost always survives fifteen years of passive ownership. What fails the seventy-two hours rarely lasts the fifteen years either. The test does not invent durability; it surfaces the durability that was either already there or already missing.

The next chapter shows what the surviving structure has to absorb across those fifteen years — buffers, policy shifts, and the flexibility to keep moving when one of them changes.

Chapter 7

Buffers, Policy, And Flexibility

Your structure has to survive before it can build. Three buffers carry the structure across the fifteen-year hold. They are what the trustee builds first, deliberately, so that the chapters before this one — the friction, the deal-versus-structure separation, the seventy-two-hour test — are not being asked to do the buffer's job. Buffers absorb. Friction is what they absorb.

Most investors think more property equals more wealth. Sometimes it does. Sometimes it just creates a larger structure that cannot breathe. The difference is whether the three buffers were architected before the property was bought.

The Three-Buffer System

A resilient SMSF property structure needs three buffers working together.

Cash Flow Buffer

The property should not depend on perfect rent, perfect rates, and perfect timing.

Model stress:

- higher interest rates
- vacancy
- insurance increases
- repairs
- slower settlement
- unexpected accounting or legal costs

A simple rule of thumb: model a 3% rate shock and three months vacancy. APRA's prudential buffer for serviceability assessment under APG 223 is currently three percentage points above the contract rate, so designing the fund to that floor aligns the trustee's stress test with the lender's.

If the deal cannot survive that, the structure is too optimistic. The specific stress parameters appropriate to your fund are a matter for your credit and financial advisers, but the principle is general: the structure should be tested beyond the base case.

Two funds facing the same rate move will often respond very differently. One fund was tested at a higher assessment rate, retains a meaningful cash buffer after settlement, and borrowed below the maximum LVR available at the time. The other is at the edge of affordability at the contract rate, holds only minimal cash, and drew every dollar of approved leverage.

A rate environment that moves against the first fund is uncomfortable. The same move against the second fund is destabilising. Neither fund predicted the rate move correctly. The difference is not foresight. It is buffer.

Credit Buffer

Unused borrowing capacity is not always wasted. Held back deliberately, it does work.

In an SMSF context, maximum borrowing can reduce flexibility. Lower leverage may allow the fund to absorb stress, repay faster, or preserve options.

The right borrowing amount is not always the highest figure a lender is willing to extend, subject to assessment.

It is the amount the structure can carry without becoming brittle.

Tax And Policy Buffer

Tax settings matter, but they should not be the only reason the strategy works.

Division 296 is a useful example.

The final legislation received Royal Assent on 13 March 2026 and is effective from 1 July 2026. It imposes an additional 15% tax on earnings attributable to the portion of total super balance above $3 million. The final version taxes realised earnings only, not unrealised gains. Assets held on 30 June 2026 receive a cost-base reset to their market value at that date.

For many SMSF property investors, that means the issue is manageable through structure, timing, contribution planning, and licensed tax advice.

It is not a reason to panic.

It is a reason to model.

Policy changes reward people who understand their structure in advance of the relevant deadlines. Your licensed tax adviser is the one who quantifies your specific Division 296 exposure and the options available to you.

The practical implication for SMSF property investors is narrower than much of the commentary suggests. SMSF property is typically a long-hold asset that the fund carries through accumulation and into pension phase. Division 296 imposes the additional fifteen per cent earnings tax on the proportion of a member's total super balance above three million dollars — and that test is at the member level, not the fund level. It applies regardless of whether the member is in accumulation phase or pension phase. Pension-phase earnings on the under-three-million share remain tax-free; pension-phase earnings on the over-three-million share become subject to Division 296 the same way accumulation-phase earnings on that share do.

For a fund well below that threshold, Division 296 is not a factor today. For a fund approaching or sitting above the threshold, Division 296 becomes an input into contribution timing, acquisition timing, cost-base planning, and pension-phase transition — all of which should be modelled by licensed tax and financial advisers in relation to the 30 June 2026 cost-base reset date. The community read of the unrealised-gains drop ("sensible change") is the framing the trustee can carry: settled policy, modelled around, not a window.

None of that changes the structural case for or against SMSF property. It changes the calibration of how a fund near the threshold approaches its next move.

Pension-Phase Liquidity

Pension-phase entry does not transition the architecture into something new. It shifts the mode of an architecture that has been running on two streams since day one.

In accumulation, Stream 1 — the rent on the leveraged property — covers the property's standing obligations. Stream 2 — the active liquid allocation inside the fund — compounds. At pension entry, neither stream is reassigned. Stream 1 keeps doing what it always did. Stream 2's drawdown function activates — the function it was designed for and was always latent in the architecture.

The shift is legible in two ratios.

Tier 1 — Stream 1 covers property obligation. Rent net of management fee against LRBA interest plus property expenses. At pension entry for a couple at age sixty with the architecture in place: $55,000 net rent against $41,000 LRBA interest plus $5,000 expenses — 120%. Within three points of the year before pension entry. Continuity, not change.

Tier 2 — Stream 2 covers member obligation. Stream 2 yield against the minimum pension drawdown. For the same couple — combined fund balance $1.85 million, minimum pension at four per cent — that is $89,000 against $74,000. 120%. The new layer in pension is the layer Stream 2 was designed for.

The composite at age sixty:

Item	Value
Net combined fund balance	$1.85M
Property (with $595K LRBA outstanding, IO)	$1.14M
Stream 2 balance (active + cash buffer)	$1.30M
Minimum pension obligation (4%)	$74,000

Item	Value
Rent net of PM + Stream 2 yield	$143,000
LRBA interest + property expenses	$46,000
Net cash for member drawdown	$97,000
Surplus over minimum pension	$23,000

Both ratios above 100%. Both streams carrying their own obligation. The fund is not selling property to pay the pension. Stream 2 is not being liquidated. The buffer — held as the first defensive bucket inside Stream 2, $60,000 at this age — is intact.

If members continue working past sixty, contributions add tailwind. If total super balance stays under $3M per member, Division 296 does not engage. Most readers in this profile have both. Neither is required for the architecture to clear.

Pension-phase is not a destination. It is the same architecture in a different mode.

The Next-Slot Question

By property four, five, six, the lending environment shifts. The lender pool that approved the first investment property no longer behaves the same way. Serviceability assessments tighten. Lenders that competed for early-portfolio business start exiting the conversation. Vehicles that did not exist for the first property — commercial credit lines, SMSF lending, alternative documentation structures — start opening up.

The natural question at this scale is: *Is the next slot another personal-name property or an SMSF property?*

The trustee at this stage is not asking it as a beginner. Four lenses sit alongside each other: the tax environment of the new asset versus the next personal-name purchase; estate planning, which works differently for a fund-held property than for a

personally held one; the household's personal lending capacity, where separation matters when the next loan application is assessed; and the liquidity profile of the asset across the retirement window.

Flexibility — the buffer's larger cousin — extends naturally to vehicle choice. It includes the ability to choose the right vehicle for the next property, applying the same considerations the trustee has been weighing for every previous one.

The trustee at portfolio scale chooses vehicles deliberately. The salesperson at this scale stops being able to keep up.

Flexibility Is A Feature

The best SMSF property strategy is not always the one that looks most aggressive at settlement.

It is the one that leaves the fund able to make good decisions later.

That means asking:

- Can the fund handle pension-phase needs?
- Is there enough liquidity after purchase?
- What if repairs are needed?
- What if the member needs personal borrowing capacity?
- What if lender policy changes?
- What if the property cannot be sold quickly?
- What if the fund wants to rebalance?

The constraints that sit under flexibility

The LRBA structure is more rigid than personal lending. It is worth being specific about what that means in practice:

- **Equity release is structurally prohibited under the LRBA framework — that is the SIS Act position, not lender preference.** SIS s67A makes cash-out refinances and capital-growth-extraction loan increases impossible while the LRBA runs. Refinances under s67B are limited to same-asset, like-for-like replacement; the new loan inherits every constraint the original carried.
- **Refinance is possible but carries extra compliance requirements.** Refinancing an LRBA within the SMSF is subject to lender policy and SIS Act requirements. The process involves different compliance steps than refinancing a personal investment loan, subject to lender assessment at the time.
- **Related-party use rules restrict who can occupy or benefit.** A member, their relatives, or associated entities cannot use the property in ways that breach the sole-purpose test. Your SMSF specialist will confirm the boundaries.
- **Pension-phase liquidity matters.** Once minimum pension payments begin, the fund's cash flow profile changes. A property that was fine in accumulation may need buffer support in pension phase.
- **Concentration risk rises with a single asset.** If the property is a large share of the fund, any single issue — vacancy, repair, policy change — has a larger impact than it would in a diversified portfolio.

None of those constraints automatically kills the strategy. All of them should be visible before the decision.

Flexibility is easy to undervalue before you need it.

Then it becomes everything.

What A Sound Structure Feels Like

A sound structure feels like quiet confidence.

The numbers have been tested. The documents have been read. The lender constraints are visible. The fund has cash, the next step is diagnostic, and everyone involved knows what they are responsible for and what they are not. None of that asks the trustee to feel anything in particular — it lets the trustee stop *having* to feel something to validate the decision.

A structure that cannot survive a policy change, a job loss, or your own eventual tiredness is not a structure. It is a bet.

The structure this book describes is the one the trustee can keep — through the rate shock, through the policy revision, through the year the rent is uncertain, through the decade the trustee's energy is not what it was. The compounding it produces is not the loud kind. It is the kind that survives long enough to matter.

Now the final question is simple: what should you do next?

Chapter 8

Your Next Move Is Diagnosis

I do not know which of the four answers is yours. You do — now. The seven chapters before this one are the specification:

- the language shift the reader was already living
- the powerful-and-suspicious paradox resolved by structure
- the deal-versus-structure separation
- the friction priced into the design
- the selection and the three decisions
- the seventy-two-hour test
- the three buffers and the policy mode shifts

None of it told you what to choose. All of it told you how to recognise the structure that fits.

The chapter you are reading turns the specification into a decision.

The Five-Question Self-Check

Start here.

1. **Do I understand why I am considering SMSF property?** If the answer is only "tax" or "property goes up," the structure is not ready.
2. **Do I know the real friction?** Setup costs, accounting, audit, legal, lender limits, higher rates, lower LVRs, and liquidity should be visible before the decision.
3. **Has anyone tested the structure, not just the property?** The documents, trustee capacity, bare trust setup, lender policy, and settlement sequence all matter, and each belongs to a different specialist.
4. **Can the fund survive pressure?** Higher rates, vacancy, lower rent, repairs, and retirement timing should not break the plan.
5. **Is the next step diagnosis or a pitch?** A trustworthy process should be willing to slow down, test assumptions, and say no.

These are the questions. You can answer them now.

If you are inside ten years of pension entry, the questions in Chapter 7 about pension-phase liquidity are already part of your next move — the architecture and the timeline are intersecting whether the trustee names them or not.

The Practical Next Step

Use the **Wealth Path Calculator** first:

healthywealthyinvestor.com.au/calculator

Treat it as a reality check, not a green light.

Then keep reading *Engineer Your Retirement* for the structural questions behind SMSF property, credit policy, lender movement, tax settings, and deal design.

If you want the next layer, complete a structure-readiness review before you commit to a property, lender, or build pathway.

The order matters:

1. Diagnose the structure.
2. Test the cash flow.
3. Check the documents.
4. Understand the lender constraints.
5. Decide whether the opportunity deserves action.

Not the other way around.

The Right Answer Might Be No

A diagnostic process is honest about the range of outcomes.

For some readers, the right answer will be **no** — SMSF property is not the right vehicle for their circumstances, and a different path makes more sense.

For others, the right answer will be **not yet** — the strategy could work, but the fund, the income position, the personal lending picture, or the structure needs more work before it is ready.

For others again, the right answer will be **restructure first** — an existing SMSF, existing personal position, or existing property portfolio needs rebalancing before new borrowing is layered on.

And for some, the right answer will be **proceed carefully** — the structure is sound, the suitability is real, and the next step is a well-sequenced acquisition with specialist support at each layer.

Your circumstances map to one of these four. You decide which. A trustworthy process holds all four — it does not press the answer towards "yes" regardless of the facts.

If You Book A Strategy Session

If this book raised questions about your own SMSF property position, you can book a strategy session at:

healthywealthyinvestor.com.au/discovery

The purpose is not to sell you a property.

The purpose is to identify structural gaps, test the borrowing and cash-flow position, and decide whether the strategy is suitable enough to keep exploring. The decision to act on any strategy remains with you and your licensed advisers.

Move, wait, or fix the structure first — the diagnosis decides, not the appetite for a yes.

Structure beats prediction because it gives you a way to act without pretending the future is certain. Before you trust the deal, test the structure.

The compounding time you have been earning is still yours. It just needs somewhere to live that will give it back to you.

About The Author

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Before transitioning to SMSF credit structuring, Juan spent more than twenty years in corporate infrastructure across Australia, Papua New Guinea, and the Solomon Islands. His work spanned project finance structuring, mezzanine capital negotiation, Sarbanes-Oxley governance sign-off, commissioning and ramp-up leadership, cash-cost reduction programs, and multi-billion-dollar revenue delivery for Fortune 500 companies and SMEs.

His operating sequence was the same on every project: engineer the capital stack so every tender line item was funded in its own right; impose audit-grade fiscal governance over the top — verifiable funding sources, verifiable invoices, verifiable labour under Sarbanes-Oxley; and let profit arrive as a designed output once the cash cost of production ran materially below the realised market price, with enough spread to carry financing, governance, and sustaining capital. He brings the same discipline to SMSF credit structuring today — designing SMSF lending positions the way corporate infrastructure is

financed and governed, to survive loads and audits that have not yet been tested.

He works with high-income professionals, business owners, and SMSF investors who want advanced property and credit structures that compound over decades, not just loans that settle on time.

Compliance Notice

This book contains general information only. It does not constitute personal financial, tax, legal, credit, or investment advice. The strategies discussed may not be suitable for your individual circumstances. You should seek licensed tax, legal, financial, and credit advice before acting on any SMSF, property, lending, or superannuation strategy.

All case illustrations in this book are anonymised and presented for educational purposes. Numerical figures are illustrative of the structural principles discussed and are not representative of any guaranteed outcome. Lender policies, interest rates, tax settings, and legislative thresholds change over time; the figures current at the time of writing may not be current when you read this.

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