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Why Invest Yourself by [Ethan](#)

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An SMSF, or 'self managed super fund' is a situation in which a group of less than five people have pooled their resources together in order to make investments that can generate a good amount of profit. The way this works then is simple – the group of people will each agree to pay in a certain amount over a certain duration of time, and will then decide together how they want to invest their joint capital in order to try and increase their bounty. The idea for many is that self managed super funds provide a kind of pension, and many intend to draw the money out of their self managed super funds once they reach retirement. However at the same time an SMSF can be used for many other things, just like any bank savings can.

The question is, why use self managed super funds, or why invest money yourself in a self directed way, when banks already exist to do all that for you with no effort on your part? There are several answers to this question. First of all, by using self managed super funds you are able to reduce your tax. The reason for this is that you get tax reductions on self managed super funds that don't apply to other savings accounts. In order to benefit from this reduction though, your SMSF needs to meet various criteria. This means you need to have five or less members, that none of the members must work for the other trustees, and that all members be trustees of the fund.

Even without those tax reductions however, an SMSF is already a good move and a great way to invest money. One of the main reasons for this is simply that investing in an SMSF will allow you to make all the decisions regarding your investments and to decide how you want to invest. This means that you have a lot more idea where your money is going and it means you can invest in such a way that you are supporting causes you believe in and/or acting on hunches and beliefs you have regarding what would be a good buy. Apart from anything else it's also a good learning experience and gives you a lot more idea how banks work and the economy in general.

More importantly though, what it also does is to allow you to keep much more of the profits. When your bank invests the money you've put into a savings account, this of course is going to earn you some money, but ultimately you will be sharing that amount with the bank. There is less risk yes, but your cash makes a 200% return on an investment that's not going to benefit you because you will only get a set amount. If you are smart with an SMSF then you stand to make a lot more money on your investment, and you stand to make it a lot more quickly than you would have done through a bank because you'll keep all of the profit.

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These are some of the advantages of investing your own money through something like an a [SMSF](#). For more on how to invest your cash, follow the links to read about a [self managed super funds Australia](#).

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