

Succession bid not the end of the road for transport business making first foray into SMSF borrowing

Robert Singh and his wife own and run a successful transport business, servicing the rural growing areas of Australia since 1974.

When their plan to pass down the business to a family member fell through, Robert used the opportunity to repurpose the funds they'd accumulated.

A canny businessman, Robert had had his eye on a potential commercial property he wanted to purchase at a good price. Problem was, it was 4 o'clock in the afternoon and Robert needed to register and bid at auction the next day!

After talking with Collins Hume's Partner Shane Bartrim, they decided a course of action could be to do a Limited Recourse Borrowing Arrangement to secure the property.

"Thanks to the original succession planning we'd done with Shane, we had the money sitting there ready to go," says Robert.

"When it came to being ready to purchase the property at auction, Shane ran the show for me basically – with hardly any notice – and got our ducks in order even as I was on my way to the auction."

Normally we require a longer lead-time to establish the required documents, but Robert's circumstances allowed Collins Hume to put in place and execute all of the necessary documents prior to auction.

As a general rule, if a bank is involved in the borrowing arrangement you would be wise to allow for a longer than normal settlement period, and you should definitely seek loan pre-approval prior to signing any contract.

Uniquely, Robert's own circumstances allowed the transaction to proceed literally overnight. Robert was lending money to their super fund under this arrangement rather than the bank.

"Shane was really good and was available to talk even late at night," says Robert.

"He actually talked with the loans manager on my behalf to make sure I was in a position to be able to bid."



Robert did end up getting the property, at a great price, and in the best possible structure for his circumstances.

His latest property acquisition is now working for him and generating a great return.

"Shane is amazing at what he does and what he suggests. He actually came and worked with us on our succession planning when that was going ahead and talked us through the various options we could take, but day to day we do everything over the phone."

The opportunity to invest in commercial property had shed light on what Robert would like to do when he and his wife eventually exit their existing business.

"We are looking to retire from this business some time in the near future, but we'll be talking with Shane about bringing our children in through super to be able to invest in commercial property with us."

Borrowing through super is fraught with danger if it is not done properly, nor is it suitable for everyone. The ability to use this strategy depends entirely on your own particular circumstances, so seek professional advice before deciding to do so.