

Case Study

Sam wants to refinance to support her loan term retirement plans

Customer Profile



- Sam, 60
- Approaching retirement
- Has invested through her SMSF for several years
- Previously used an SMSF loan for residential investment
- Focus: freeing up cash flow and maintaining a simple, compliant structure

The Refinance



- Residential investment property valued at ~\$1.0M
- Refinanced loan amount: \$205,000
- Approximate LVR: ~20%
- Purpose: Refinance of an existing SMSF loan only

Refinance Benefits



- Lowers ongoing repayments
- Frees up cash flow within the SMSF
- Helps Sam prepare for retirement
- Retains the investment property

Currently Liquidity



- ~\$120k liquid assets (post refinance)
- Exceeding 5% liquidity requirement (\$10,250)

Sam's Goal

Reducing debt and freeing up SMSF cash flow as retirement approaches — while retaining her investment property and maintaining a simple, compliant structure.

Case Study

Sam now has reduced debt and freeing up SMSF cash flow for retirement.

Liquidity Assessment

As part of the loan assessment, Sam's SMSF must demonstrate it can meet loan repayments and fund expenses without relying solely on rental income.



- Interest rate increases
- Rental income disrupted
- Unexpected expenses

\$120k Liquidity Buffer (significantly above 5% of loan amount)

Future options



- Principal and interest transition
- Further debt reduction over time
- Selling the property to realise capital gains and improve liquidity.

Important considerations



No personal use of property



No cash out on refinance — SMSF refinancing must comply with sections 67A and 67B of the SIS Act 1993



Careful planning and expert advice are essential

Key Takeaway

Refinancing an SMSF loan at a low LVR can help investors like Sam improve SMSF cash flow and simplify their SMSF as retirement approaches, while remaining compliant with superannuation borrowing rules. As with any SMSF borrowing strategy, careful consideration of liquidity, risk and compliance is essential.

Disclaimer: This case study/example is illustrative only and isn't an estimate of the investment returns you'll receive, or fees and costs you'll incur

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