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Choose your SMSF trustee structure

Understand the requirements for your SMSF depending on the trustee structure you choose.

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Types of trustee structures

You can choose one of the following trustee structures for your [self-managed super fund \(/individuals-and-families/super-for-individuals-and-families/self-managed-super-funds-smsf\)](#) (SMSF):

- individual trustees
- a corporate trustee (a company acting as trustee for the fund).

This page explains the different rules for each structure. You should be aware of the differences and consider discussing the best approach with an SMSF professional.

Self-managed super fund



Requirements for each structure

There are different requirements depending on whether your SMSF has individual trustees or a corporate trustee.

Member and trustee requirements

If you choose individual trustees:

- your SMSF can have up to 6 members
- each member of the SMSF must be a trustee
- each trustee must be a member of the SMSF (single-member funds must have 2 trustees, only one must be a member)
- members cannot be an employee of another member unless they are relatives.

Some state and territory laws restrict the number of trustees a trust can have to less than 6. As an SMSF is a type of trust, consider seeking professional advice to check if your fund is affected. If it is, you could structure your SMSF with a corporate trustee.

If you choose a corporate trustee:

- each member of your SMSF must be a director of the corporate trustee
- for a single-member fund, the member can be either

the sole director of the corporate trustee

one of 2 directors of the corporate trustee provided either the member and other director are relatives or the member is not an employee of the other director

- directors of corporate trustees must have a director identification number (<https://www.abrs.gov.au/director-identification-number/>) (director ID), which is a unique identifier that a director will apply for once and keep forever.

Establishment and ongoing costs

You can pay for SMSF establishment costs either from the fund or yourself. If you personally pay the establishment costs when you set up your SMSF, regulation 5.02 of the *Superannuation Industry (Supervision) Regulations 1994* allows the fund to charge those costs against your super benefits. This means you can claim reimbursement from the fund for the costs you paid to establish it.

If you seek reimbursement, you should do so as soon as the fund has available cash. SMSFR 2009/2 (<https://www.ato.gov.au/law/view/document?DocID=SFR/SMSFR20092/NAT/ATO/00001&PiT=99991231235958>) *Self Managed Superannuation Funds: the meaning of 'borrow money' or 'maintain an existing borrowing of money' for the purposes of section 67 of the Superannuation Industry (Supervision) Act 1993* confirms that where expenses are paid on behalf of the SMSF and reimbursement is immediately sought from and made by the SMSF the arrangement is not considered a borrowing.

The reimbursement also does not count as financial assistance.

The fund does not treat the reimbursement as a contribution because its capital does not increase when it repays an establishment cost paid on its behalf.

If you personally pay establishment costs charged to the SMSF after its creation and you do not seek reimbursement, you must treat the amount as a contribution.

Establishment costs represent capital expenses, and the fund can't claim a deduction for these fees.

If you set up your fund with a corporate trustee, you will have to pay Australian Securities & Investments Commission (<https://www.asic.gov.au/>) (ASIC) fees.

ASIC charges a fee to register a corporate trustee for the first time. There is also an annual review fee, which is lower if the corporate trustee acts solely as a super fund trustee, but higher if the corporate trustee also performs another function, such as running a business.

Individual trustees and directors of the corporate trustee cannot be paid for their duties or services performed as trustee in relation to the SMSF.

Governing rules

Individual trustees and directors of the corporate trustee must follow the rules in the:

- SMSF trust deed
- tax and super laws.

In addition, directors of the corporate trustee must follow the rules in the:

- company's constitution
- *Corporations Act 2001*.

Directors of a corporate trustee must obtain a director ID (<https://www.abrs.gov.au/director-identification-number/>) before registering the fund. When conducting our SMSF registration reviews, funds identified with a corporate trustee structure that don't have a director ID will be unable to proceed. Penalties may be imposed by ASIC if directors don't have a director ID.

Ownership of SMSF assets

All fund assets must be:

- kept separate from the personal assets of trustees and directors
- in the name of the fund or the name of the individual trustees 'as trustees for' the fund.

If your SMSF has individual trustees, when a trustee is added or removed, the name in each asset's ownership document must be updated. This can be costly and time-consuming. State government authorities and financial institutions may charge a fee for title changes.

If your SMSF has a corporate trustee, when a person starts or stops being a member, they become, or cease to be, a director of the corporate trustee. You must notify us and ASIC of any change in director.

The name on the ownership documents doesn't change. It remains in the name of the corporate trustee.

Succession

SMSFs with individual trustees must always have at least 2 trustees. If your fund has 2 individual trustees and one trustee leaves or dies, you must do one of the following:

- appoint another trustee
- change to a corporate trustee structure
- wind up the fund.

If you appoint another individual trustee, you need to notify us within 28 days.

Funds with a corporate trustee can operate with one director. The corporate trustee does not change if a director leaves or dies. However, if the directors change, you need to notify us and ASIC within 28 days.

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