



SMSF borrowing capacity

A quick guide on **how much you can borrow**
for an SMSF investment property.



How much can you borrow?

If you're wondering how much you can borrow through your SMSF – the short answer is less than if you were buying a property outside your superannuation.

When you buy an investment property through an SMSF, you generally need a deposit of at least 20%, compared to perhaps 10% for a regular purchase. So you'll need more money upfront for an SMSF investment property, which restricts your borrowing capacity.

There's another issue, which is servicing the mortgage. The concessional contributions cap is \$27,500, which means that if you and your partner are both members of the SMSF, you can contribute a combined \$55,000 per year (at the special concession tax rate of 15%) to meet the mortgage repayments. You can add the rental income on top, but lenders will count only 80-90% of this income, to allow for vacancies. So your serviceability will be lower for an SMSF investment property than a regular investment property, which will also restrict your borrowing capacity.

- ✓ **An experienced finance broker will be able to give you advice about how much you can borrow and which lender would be suitable for someone in your unique position.**

Speak to an expert

Want to buy an SMSF investment property? Mortgage Advice Bureau can help.

To discuss your options, call us or leave your details and we'll be in touch.

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