



# SELF MANAGED SUPER FUND LOANS

## LIMITED RECOURSE BORROWING

Trustees of self-managed super funds (SMSFs) are generally prohibited from borrowing money, subject to limited exceptions under the super law. One of these exceptions is for limited recourse borrowing arrangements (LRBA). A LRBA involves an SMSF trustee taking out a loan from a third-party lender. The trustee then uses those funds to purchase a single asset (or collection of identical assets that have the same market value) to be held in a separate trust.

Any investment returns earned from the asset go to the SMSF trustee.

If the loan defaults, the lender's rights are limited to the asset held in the separate trust. This means there is no recourse to the other assets held in the SMSF.

For more information, refer to the [ATO website on limited recourse borrowing](#).

