

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Commonwealth Bank of Australia

**CBA88QW:** What regulatory changes would be necessary to enable banks to lend to individuals with SMSFs, who are in the retirement phase, to allow them to seek credit for the purchase of assets (such as homes) or to address short-term cash flow issues?

**Answer:** The regulatory changes required would depend on how exactly it was intended the scheme would operate. Current provisions in the *Superannuation Industry (Supervision) Act* restrict SMSF owners having a charge against SMSF assets. An exception exists under limited recourse borrowing arrangements, however the *Act* precludes an SMSF trustee using such arrangements to purchase a house they then live in.