



# Downsizer superannuation contributions



The Government has reduced a barrier for older Australians to move from homes that no longer meet their needs, so more homes can be available for younger Australian families.

From 1 July 2018, people aged 65 and older can make a non-concessional (post-tax) superannuation contribution of up to \$300,000 from the proceeds of selling their home. Existing contribution caps and restrictions will not apply to the downsizer contribution.

## Why do I have to be over 65?

This measure provides an exception to existing contribution rules, which have some restrictions on contributions for people aged over 65. Under 65, individuals can generally already make non-concessional contributions of \$100,000 per year, or \$300,000 in a year using the 3-year 'bring forward'.

## Is my home eligible?

The sale of any dwelling in Australia (other than a caravan, houseboat or mobile home) can qualify the seller to make a downsizer contribution, provided the dwelling has been owned for at least 10 years.

## How does the 10-year rule work?

You or your spouse must have held the property at all times for the 10 years leading up to the sale.

You do not have to have lived in the home for all of the last 10 years, but it must meet the test for a 'main residence' exemption under CGT rules. You may need to seek advice about this, but generally, it will be okay if you have moved out of your home for several years before the sale.

## Do I actually have to 'downsize'?

You will be able to make a contribution once you sell an eligible home. You do not have to make any subsequent home purchase, and you can move into any living situation suitable for you.

## How long do I have to contribute?

You will have 90 days after the sale of your home settles in which to make the contribution. You may be able to seek an extension from the ATO.

## How much can I contribute?

The maximum you can contribute is \$300,000 or the sale price of your home, whichever is less. You may make more than one contribution, but the total must not exceed this maximum. You may contribute less than the maximum.

## Can my spouse contribute?

Yes, you may each make a downsizer contribution, even if your spouse was not on the title of your home. But the combined value of your spouse's contribution and your own cannot exceed your home's sale price.

## Can I downsize more than once?

No. You can only ever make downsizer contributions in respect of a single main residence.

## How do I make a downsizer contribution?

You should talk to your fund about how to make a downsizer contribution. If you don't have a superannuation account, you may open a new account to make your contribution.

## Does this affect my Age Pension?

Downsizer contributions are not exempt from the Age Pension means test. You should seek financial advice to consider whether this might affect you.

## Does this affect my Transfer Balance Cap?

Downsizer contributions are exempt from contribution rules but they still count toward the \$1.6 million transfer balance cap.