

Why can't people borrow funds from their own super account balances for a home mortgage, and repay themselves with interest, rather than borrowing from/paying interest to a bank?

Mortgage repayments with interest to your own super fund account would be a guaranteed positive rate of return on the funds which are being invested in an asset that will likely appreciate in value. It would probably be more reliably stable than the share market.

Obviously, this would only be available where the super account balance exceeds the amount owing for the purchase. It would be something that most people would only be able to access in their 40s/50s. However, it would encourage people to maximise their payments into super from an earlier age.

What's the worst that can happen? The seller is or has been long-since paid. No bank is exposed if the homebuyer fails to repay the loan. Only the holder of the super account is disadvantaged by having a lower balance upon retirement than they "might" otherwise have had if they had not used the funds for a home purchase. Meanwhile, they at least have a home which is fully owned.

In cases where the super account holder fails to repay the borrowed sum, then it could be a requirement that the value of the home is included in the means test for pension eligibility.

Or maybe this idea would never even get considered because it would be cutting the banks' lunch? Can't have anything stand in the way of multi-billion-dollar annual profits when there are CEOs wanting bonuses and politicians to be lobbied.

Anyway, thanks for reading. I guess . . .