Info Sheet

# Downsizer super contribution

If you are over 65 and downsizing your main residence, you may be eligible to contribute part of the sale proceeds to your superannuation.

## Downsizing the family home

For many retirees the time inevitably comes when maintaining the family home starts becoming an onerous task and serious thought is given to downsizing. The decision to sell the family home is a difficult one and involves much more than just finances. For many, the concept of downsizing involves mixed emotions as the family home carries special memories. For others, downsizing is a necessity and means grieving a loss of independence due to ongoing health concerns. Finally, downsizing requires having to make the daunting decision of where to live next.

## Overview

If you are aged 65 or over and sell your principal home, you can consider making a ‘downsizer contribution’ of up to $300,000 ($600,000 combined for a couple) into your (likely new) superannuation fund(s).

You are able to consider making these downsizer contributions although not eligible to contribute under normal super contribution rules e.g. not meeting the work test requirements over age 65, having a total superannuation balance exceeding $1.6 million or being over age 75.

The contribution will be tax-free when received by the super fund, although it will be fully assessable under the social security assets test and deemed under the social security income test.

Retirees who have the most to gain from the 'downsizer contribution' strategy are those that have significant investable assets held in personal names generating assessable income in excess of the tax-free threshold.

## The basic eligibility criteria

To utilise downsizer super contributions the following criteria must be satisfied. It is vital that professional advice is sought regarding your personal situation.

- The property being sold must be the person's main residence or is at least eligible for part main residence exemption.
- Both members of a couple can contribute despite the property being owned by one member.
- You must have owned the property for at least ten (10) years.
- The contribution must be made within 90 days of receiving sale proceeds.
- Amounts contributed cannot be greater than the sale price of the property.
- An election form must accompany the contribution(s), so the super fund will accept the contribution irrespective of whether you meet the normal standard contribution rules.

The downsizer concessions should not necessarily drive the decision to move home, however, can provide significant benefits if this decision has already been made.

Contact Elevate Financial Solutions if you would like to consider whether a 'downsizer contribution' is the right strategy for you.