Upsize your super!

Thinking of downsizing your home?

Selling your family home and contributing all (or some) of the sale proceeds to your super account, can be a great way to give your super a boost before you retire.

If you're 55 or over and sell your family home, you may be able to put up to $300,000 of the sale proceeds into your super. Couples can contribute up to $600,000 ($300,000 to each of their accounts).

This can be a tax-effective way to boost your super savings and secure a tax-free retirement income stream after you turn 60.

Who's eligible?

To be eligible to make a downsizer contribution, you must meet all the following requirements.

- You must be over 55.
- You or your spouse must have owned your home for at least ten years.
- Your home must be in Australia (and isn't a caravan, houseboat, or other mobile home).
- Your home must be your primary residence and exempt or partially exempt from capital gains tax (i.e. it can't be an investment property).
- You mustn't have previously made a downsizer contribution in relation to another home.
- The downsizer contribution can't be greater than the sale proceeds of your home.
- The contribution must be made within 90 days of receiving the sale proceeds.

The ATO will assess your eligibility to make a downsizer contribution. Penalties may apply if you've provided false and or misleading information in your application.

If you don't meet the eligibility criteria, we'll assess whether the funds can be accepted as a personal contribution. If your contribution is accepted as a personal contribution, it will count towards your after-tax (non-concessional) cap. If you go over the cap, you'll generally pay extra tax.

If you're ineligible and your contribution can't be accepted as a personal contribution, we'll return the amount to you.

Benefits of downsizer contributions

Downsizer contributions were introduced to encourage older Australians to sell their family homes to fund their retirements. It was also designed to help ease pressure on the housing market for younger families.

As a result, downsizer contributions come with a lot of tax benefits that can help you boost your super balance and secure a tax-free income stream in retirement.

- You don't pay any contributions tax on downsizer contributions.
- Downsizer contributions don't count towards any contribution caps and don't affect your total super balance until it's re-calculated at the end of the financial year. This means you can make a downsizer contribution even if your total super balance (across all super funds you participate in) is over $1.9 million.
- There's no maximum age limit to downsizer contributions. Usually, you can't make voluntary contributions into super after age 75. Downsizer contributions can be made any time after you turn 55.
- You can make multiple downsizer contributions from the proceeds of a single sale. However, your contributions mustn't exceed $300,000 (for each member of a couple) or the total sale proceeds of your home.

Downsizer contribution limitations

While there are many benefits, there are limitations to consider before making a downsizer contribution.

- Downsizer contributions count towards your transfer balance cap. This is a lifetime limit on the total amount of super that can be transferred into retirement phase income streams.
- If a downsizer contribution pushes your total super balance over $1.9 million when it's recalculated at the end of the financial year, you won't be able to make after-tax (non-concessional) contributions into super.
- Downsizer contributions aren't tax deductible.
- Your downsizer contribution may affect your eligibility for Centrelink benefits such as the Age Pension.

Seek advice

If you're considering taking advantage of this measure, we strongly encourage you to seek expert advice before proceeding.

Downsizer case studies

1.

Cheryl (69) is retired and has decided to sell the family home to move interstate and be closer to her family.

The sale proceeds are $800,000. She can **make a downsizer contribution of $300,000** into her super account.

2.

Brett and Sally (both 62) still work part-time, and are now empty nesters.

They decide to sell their large family home and buy a small apartment. With the sale proceeds totalling $700,000, they can both **make a downsizer contribution of up to $300,000 each ($600,000 in total)** into super.

3.

Eric (76) and Joan (68) are both retired and decide to sell their home and travel.

With the sale proceeds totalling $400,000, they can **contribute a maximum of $400,000** into their super. This means they can contribute half ($200,000) each or split it – for example, $300,000 for one and $100,000 for the other.

How to make downsizer contributions

You need to complete the ATO's *Downsizer contribution into super* form (NAT 75073) and provide this to us before or when making the contribution.

Downsizer contributions can only be made by cheque. The cheque should be payable to 'CareSuper'.

If you make multiple downsizer contributions to one or more funds, you need to complete a separate form for each payment.

Downsizer contributions must be made to your super fund within 90 days of receiving the proceeds of the sale. However, in some circumstances, you may be able to request an extension of time. Contact the ATO on 13 10 20 to apply for an extension.

Need advice?

We're here to help you make the most of your super. You can access general information, education, and personal advice about your CareSuper account at no extra cost.

If you need advice on your entire financial situation or have more complex needs, we can assist with that too. There might be an additional cost, but we'll explain any fees upfront, and you'll only pay for the services you agree to.

For more details, visit **caresuper.com.au/advice**.

All our forms and publications are available at caresuper.com.au/forms-publications or call us, and we'll send you a copy.

Here to help

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