

Fact sheet



Thinking of downsizing your home?



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Did you know there could be tax benefits to downsizing and directing the proceeds from the sale of your home to your super?

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1800 005 166

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David
Spirit Super member

If you've been weighing up the pros and cons of downsizing, you might be interested to know that a measure is available to reduce pressure on housing affordability in Australia called the *Downsizer measure*.

What's the objective of the measure?

To encourage older Australians to downsize their home if it no longer meets their needs, and to help free up housing for younger families, the measure provides an opportunity to contribute the proceeds from the sale of a family home to super in a tax-friendly way.

Who's eligible?

Australians aged 60 and over can contribute up to \$300,000 into their super from the proceeds of selling their home, where the contract of sale has been exchanged.

It doesn't matter if you're working or not, and a downsizer contribution can be made even if you have a total super balance greater than \$1.7 million.

The contribution must be made within 90 days of receiving the proceeds of the sale. The property must be in Australia, and it can't be a caravan, houseboat or other mobile home.

There's no requirement for you to purchase a new home if you sell your home and make a downsizer contribution.

You won't be eligible if you've previously made a downsizer contribution from the sale of another property.

How long must I have owned my home?

This measure applies to the sale of a principal place of residence, owned by you or your spouse for a minimum of ten years, where the proceeds of the sale are either exempt or partially exempt from capital gains tax.

Can my spouse contribute?

Both members of a couple will be able to take advantage of this measure for the same home, meaning a total of up to \$600,000 for each couple can be contributed to super through the measure.

If the home that was sold was only owned by one member of the couple, the spouse that didn't have an ownership interest may also make a downsizer contribution, or have one made on their behalf, provided they meet all of the other requirements.

The combined contribution can't be greater than the sale proceeds.

Can I make multiple contributions?

You can make multiple downsizer contributions from the proceeds of a single sale.

However, the total of all your contributions must not exceed \$300,000 or the total proceeds of the sale of your home.



Will it impact my contributions?

Downsizer contributions won't count towards your contribution caps.

Your downsizer contribution won't affect your total super balance until it's re-calculated to include all your contributions, including your downsizer contributions on 30 June at the end of the financial year.

Downsizer contributions aren't tax deductible.

Get advice

If you're considering taking advantage of this measure, we strongly encourage you to seek expert advice. The rules around the measure are complex and it won't work in everyone's favour. For example, downsizer contributions will be counted for the assets and income tests used to determine eligibility for the Age Pension and Department of Veteran Affairs benefits, and the \$1.7 million transfer balance cap (2022-23) will still apply to the amount which can be transferred to a pension account.

We provide general information, education and personal advice on your Spirit Super account at no extra cost.

Our Superannuation Advisers are representatives of Spirit Super Advice. If you have any questions, contact us on **1800 005 166** or send an email to info@spiritsuper.com.au.

Examples:

Helping John and Cheryl downsize

John and Cheryl, both retired and aged 76 and 69, sell their home. The sale proceeds are \$800,000. They can both make a downsizer contribution into super of \$300,000 each (\$600,000 in total). They can make these special contributions regardless of how much they already have in their accounts.

Helping Brett and Sally downsize

Brett and Sally, who are still working part-time at age 62, decide to sell their large family home after all the children move out. The sale proceeds are \$700,000. They're both able to make a downsizer contribution of \$300,000 each (\$600,000 in total) into super. This is regardless of how much they have in their accounts already. They may also be able to make additional contributions to their super using the sale proceeds under standard contribution arrangements.

Helping Eric and Joan downsize

Eric and Joan, both retired and aged 78 and 68, sell their home. The sale proceeds are \$400,000. The maximum contribution both can make can't exceed \$400,000 in total (the proceeds amount). This means they can choose to contribute half (\$200,000) each, or split it – for example, \$300,000 for one and \$100,000 for the other. This is regardless of how much they have in their accounts already.

After advice on downsizing?

We can help. Simply call us on **1800 005 166** or email us at info@spiritsuper.com.au to arrange an appointment.

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