



Superannuation's Best Kept Secret

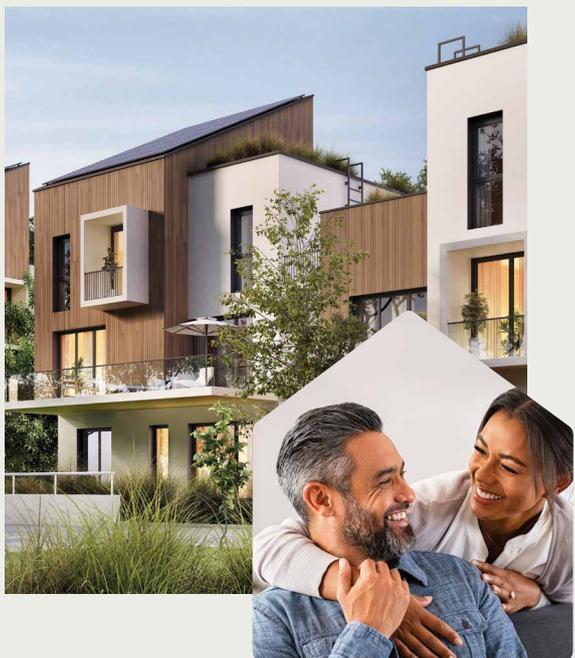
From 1 January 2023, the Australian Government lowered the eligible age for Australians to make a downsizer contribution to their superannuation account. The reduction in minimum age to 55 years gives eligible Australians the opportunity to put more money into their superannuation earlier, so they should end up with more for retirement given the power of compound interest.

If you're aged 55 or older you can now make a one-off downsizer contribution to your superannuation account of up to \$300,000 (\$600,000 per couple) using the proceeds from the sale of your home.

A downsizer contribution is a non-concessional contribution (not subject to extra tax), but it doesn't count towards the contribution cap (currently \$110,000 annually). It will not affect your total superannuation balance until it is re-calculated at the end of the financial year. However, downsizer contributions count towards your transfer balance cap (currently \$1.9million). This cap applies when you move your super savings into the 'retirement phase', and is taken into account in determining eligibility for the age pension.

You should consider seeking independent financial advice in relation to the age pension asset tests.





Why has the eligible age dropped to 55 years?

The Australian population has grown to almost 26 million people increasing the demand for low-density housing stock, especially in our large urban cities, to a level where supply has become very low.

The downsizer contribution is a government incentive that enables empty nesters to sell their larger homes with a significant added financial benefit and as a result, helping more housing stock become available.

Eligibility requirements

- You must be 55 years or older at the time you make the contribution.
- Your home was owned by you or your spouse for 10 years or more before the sale – the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale.
- The proceeds (capital gain or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or the home would be entitled to the exemption if it was a CGT rather than a pre-CGT asset (acquired before 20 September 1985).
- Your home is in Australia and is not a caravan, houseboat, or other mobile home.
- You make your downsizer contribution within 90 days of receiving the proceeds of sale (usually at the date of settlement).
- You have not previously made a downsizer contribution to your super from the sale of another home or from the part sale of your home.
- You provide your super fund with the “Downsizer contribution into super form” either before or at the time of making your downsizer contribution. The form and instructions on how to complete it can be found at <https://www.ato.gov.au/Forms/Downsizer-contribution-into-super-form/>

Note: If your home was only owned by one spouse and was sold, the spouse that did not have ownership may also make a downsizer contribution, or have one made on their behalf, provided they meet all of the other requirements.



Search for your next home
on Downsizer's National
Marketplace today.

Examples where families and individuals who are contemplating retirement or have already retired can contribute to super through downsizing.



Bob & Carol

Bob and Carol are Sydney residents earning a combined annual income of \$200,000. They are aged 59 and 60 years old and own their current property outright. The property is in both of their names. Bob and Carol are planning to retire early so they can travel and do other pursuits. With a \$300,000 boost each from recent superannuation changes, they aim to downsize, support their kids in real estate, and decide on the fate of their investment property - either as an inheritance or a contingency fund for future expenses.



Ted & Alice

Ted & Alice are about to retire. They live in Melbourne and want to downsize their home to fund their retirement. They have lived in their current house for 10 years. With the released equity, Ted and Alice will be able to top up their superannuation to help grow their retirement income.



Emma

Emma is divorced and retired with a modest superannuation balance. After a decade in her current home in Canberra, Emma aims to downsize nearby to release money for her retirement. Exploring her options, Emma is considering purchasing an off-the-plan property with a Downsizer Bond to allow her time to pack up her home and get it ready for sale. The additional money from the eventual sale of her home can be used to boost her retirement. She will be able to contribute up to \$300,000 to her superannuation fund.

	Bob & Carol	Ted & Alice	Emma
Current property value less mortgage	\$4,200,000	\$1,800,000	\$750,000
Investment property value less mortgage	\$700,000	-	-
New downsizing property value	\$2,500,000	\$110,000	\$450,000
Current superannuation balance	\$1,000,000	\$750,000	\$200,000
Downsizer superannuation contribution	\$600,000	\$500,000	\$275,000
Non-concessional superannuation contribution	\$550,000	\$100,000	-
New superannuation balance post-contributions	\$2,150,000	\$1,350,000	\$475,000
Estimated* annual income from new superannuation balance	\$156,000	\$86,000	\$55,176

* Based on current rate of returns at time of publishing



How to make the downsizer contribution

- Contact your super fund(s) to check that they accept downsizer contributions.
- Submit a completed “Downsizer contribution into super form” to your fund(s) when or before your contribution is made. If you don’t, your fund may not be able to accept your contribution as a downsizer contribution.
- If you make multiple contributions to one or more super funds, you must provide a “Downsizer contribution into super form” for each contribution. The total of your contributions cannot exceed \$300,000 per person.
- Contributions must be made to your super fund within 90 days of receiving the proceeds of sale. However in some circumstances you may be able to request an extension of time. You can phone the ATO on 13 10 20 to apply for an extension of time.

Reference: Australian Tax Office <https://www.ato.gov.au/Individuals/Super/Growing-and-keeping-track-of-your-super/How-to-save-more-in-your-super/Downsizer-super-contributions/>

Thinking about downsizing?

Downsizer is an Australian-owned company offering a new, secure and cost-effective way to buy property to suit your life stage.

Whether you’re ready for a smaller home, need to free up some money or just want to be closer to the grandkids, we have a solution for you.

- ✓ Buy your new home with zero cash deposit and without having to sell first.
- ✓ Search our national marketplace of existing & off-the-plan properties.
- ✓ Financing and refinancing options.
- ✓ Loan support.

Start your journey today. Contact us at hello@downsizer.com or **1800 788 996**.