Downsize your home and upsize your super

Fact sheet

Over 65? Thinking of selling your home now the kids have left? Wanting to boost your super so it lasts the distance in retirement? Say hello to the government's new downsizer incentive.

Here's how it works

The family home is often our biggest investment. But many baby boomers head into retirement asset rich and cash poor – with all their money tied up in their home and not much left over to enjoy the kind of retirement lifestyle they'd like.

From 1 July 2018, a new government initiative lets you sell your home and put some of the proceeds into your tax-effective super account, regardless of how much you already have in super.

It helps older Australians free up their hard-earned funds to enjoy retirement. And it helps younger Australians get into the housing market by freeing up housing stock.

But don't hang up your lawnmower just yet. Downsizing won't be for everyone, and it's important to know the rules and how they might affect you.

Am I eligible?

You can make a downsizer contribution to your super if:

- you're aged 65 or over (and it doesn't matter if you're working or not – you don't need to pass a work test to be eligible)
- your home is in Australia, and isn't a houseboat, caravan or mobile home
- you (or your spouse) have owned the home for at least 10 years prior to the sale
- the amount you are contributing is from the proceeds of selling your (or your spouse's) home
- the sale (exchange of contracts) happens after 1 July 2018
- your home was at one time the main residence of you or your spouse for tax purposes[1]
- you haven't previously made a downsizer contribution from the sale of another home.

How much can I contribute?

- up to $300,000 as an individual
- up to $600,000 as a couple, if you and your spouse both qualify (each separately making an individual downsizer contribution).

Just remember, the contribution can't be more than the total sale proceeds from your home.

[1] A pre-CGT home may also qualify for the downsizer contribution. You might like to have a chat with your tax specialist about this.

How long do I have to make a downsizer contribution?

Your downsizer contribution needs to land in your super account within 90 days of receiving the proceeds from the sale of your home (generally the settlement date). If you can't make this date due to things out of your control, have a chat with the ATO about applying for an extension of time.

Age Pension and the downsizer contribution

Your home is usually an exempt asset for Age Pension purposes. No Centrelink concessions apply for the amount contributed under the downsizer contribution. So it's important to think about how selling your home and contributing to your super might impact your Age Pension.

How do I apply?

Most Rest members just need to:

- complete the downsizer contribution form available at **rest.com.au/tools**
- send the form (by email or post) and your contribution (by BPAY® or cheque) to us. If you're making more than one contribution, you'll need a form for each separate contribution. It's also important that we receive your form either before or at the same time as your downsizer contribution.

We'll add your downsizer contribution into your Rest account, and report it to the ATO. We'll let you know when the ATO confirms whether or not it's a valid contribution.

Rest Pension members

The application process is a little different for Rest Pension members. If you have a Rest Pension transition to retirement account, your downsizer contribution can be made into your Rest Super account.

If you have a Rest Pension retirement account, we'll open a Rest Super account for you to accept your downsizer contribution (if you don't already have one). You can then either set up an additional Rest Pension account, or consolidate your contribution into a new Rest Pension account. This may have Centrelink impacts so we recommend obtaining personal financial advice.

Some extra things you'll need to know

- you can only make a downsizer contribution for the sale of one home.
- your downsizer contribution isn't counted as a non-concessional contribution, so it won't count towards your contribution caps.
- you can make a downsizer contribution even if your super balance is more than $1.6 million.
- your downsizer contribution will count towards your transfer balance cap (currently $1.6 million) which applies when your super savings move into retirement phase.
- you can find more information about the downsizer initiative at **ato.gov.au/downsizing**

Need advice about making a downsizer contribution?

Downsizing won't be for everyone and there are some additional rules and implications to think about, so you might like to have a chat with a financial adviser. They'll be able to help you decide if the scheme can help you, check your eligibility, and discuss the retirement, tax and Centrelink implications of making a downsizer contribution.

Rest Advice is all about helping you make good decisions with your super and money.

To learn how Rest Advice can help, visit **rest.com.au/advice** or call **1300 300 778**.

If there's anything we can do

rest.com.au

Live Chat at rest.com.au
Monday to Friday 8am – 10pm and Saturday 9am – 6pm AEST

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Together towards tomorrow

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