Downsize your home, upsize your super

Thinking of downsizing? Eligible Australian homeowners can contribute money from the sale of their primary residence into super.

What is a downsizer contribution?

If you're aged 55 years or older you may be eligible to make a downsizer contribution to your super fund of up to **$300,000***, when you sell your home.

How does it work?

- You must be aged 55 or over at the time you make the downsizer contribution.
- The property must have been your (or your spouse's) primary residence for at least 10 years or more prior to the sale.
- Your primary residence must be in Australia, and it cannot be a caravan, houseboat or other mobile home.
- You must make your downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement.
- You must provide your super fund with the Downsizer contribution into super form either before or at the time of making your downsizer contribution.
- You can only make one downsizer contribution from the sale of your home and the amount must be from the sale proceeds.
- The contribution amount cannot be greater than the total proceeds from the sale of home

What are the benefits?

- If a primary residence is sold, each eligible individual may be able to contribute up to $300,000 into super.
- The contribution is not a non-concessional (after-tax) contribution and will not count towards any contribution caps.
- You do not pay tax on this contribution.
- The downsizer contribution will not affect your total super balance. However, it will count towards your transfer balance cap when moving your super savings in retirement phase.
- You do not need to meet the work test requirement to contribute.
- The property being sold to fund the contributions does not have to be your current home. It can be a former home which meets the requirements.
- There is no requirement to downsize to a smaller house or even purchase another property.

Will it impact the Age Pension?

Your primary residence is excluded from the assets test for the Age Pension. However, downsizer contributions are not exempt from the Age Pension means test, so it might affect how much you are eligible to receive.

Case study: How Stella and Warwick boosted their retirement income by downsizing

Stella and Warwick retired eight years ago. Now that they are in their 70s, they want to sell their home they have lived in for 14 years, and move into a retirement village.

They sell their home for $1.1m and pay $500,000 for a retirement village unit. With the surplus $600,000 and within 90 days of settlement, they can each make a downsizer contribution of $300,000 into their respective super fund. They can then use the funds in their super to commence account-based pensions which will provide them with income during their retirement.

Considering downsizing? Seek professional advice

If you are considering downsizing your home, we recommend you talk to your financial adviser.

If you do not have a financial adviser, visit **bendigobank.com.au/financialadvice** to request a call back from a wealth specialist.