

Contributing the proceeds of downsizing to super

Are you 65 years old or over and considering selling your home?

More and more older Australians are seeing the benefits of selling the family home in favour of a smaller home, or even an apartment. To facilitate this, there are generous financial incentives for those who are ready to downsize.

If you sign a contract to sell your home on or after 1 July 2018 and you meet the eligibility requirements, you may be able to make a contribution of up to \$300,000 to super from the proceeds of the sale.

You may be eligible if:

- you are 65 years old or over at the time you make a downsizer contribution (there is no maximum age limit)
- you or your spouse held an ownership interest in the home for 10 consecutive years
- your home is in Australia and is not a caravan, houseboat or other mobile home
- your home is exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to an exemption if the home was a CGT asset (acquired before 20 September 1985)
- you have not made a downsizer contribution from the sale of another home.

What are the benefits?

- Under existing contribution rules there are limited opportunities and amount restrictions for individuals 65–74 years old to contribute into super. Individuals 75 years and older are not able to contribute into super. From 1 July 2018, eligible individuals 65 years and older (with no maximum age limit) will have the opportunity to contribute proceeds from the sale of their home into super.
- Downsizer contributions will not count towards your concessional or non-concessional superannuation contribution caps. The downsizer contribution can still be made regardless of your total super balance. However, when your total super balance is re-calculated at the end of the financial year, your downsizer contribution amount will count towards your total super balance.

How much can I contribute?

You can contribute up to \$300,000 for an individual or up to \$600,000 for a couple, however the total of your contribution/s cannot be more than the proceeds you receive from the sale of your home.



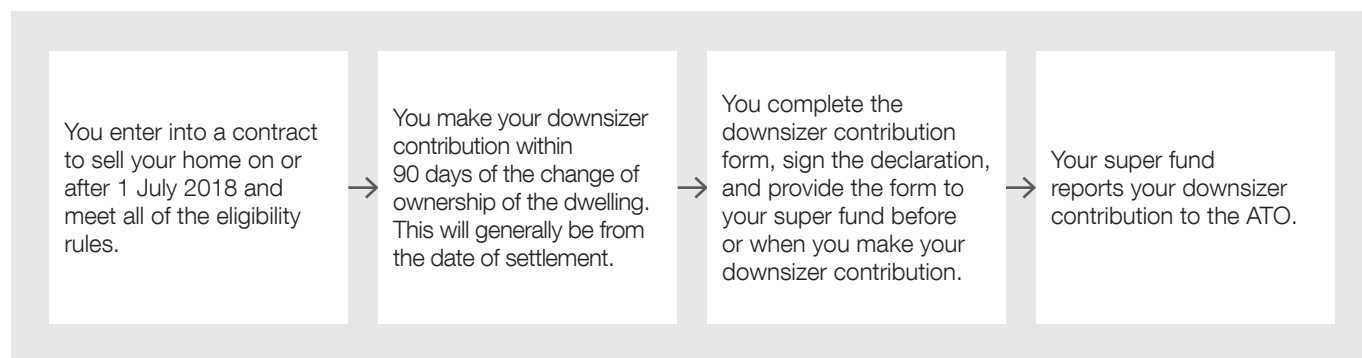
How long do I have to contribute?

You must make your contribution within 90 days of the change of ownership in the dwelling. This will generally be from the date of settlement.

Before making a downsizer contribution

- You may wish to seek financial advice as downsizer contributions will count as an asset for the age pension assets test.
- Check that your super fund will accept a downsizer contribution.
- Open a new super account if you do not already have one.

How to make a downsizer contribution



Request an extension of time

- In some circumstances, you may be able to request a period longer than 90 days to make your downsizer contribution. For example, where a delay has been caused by factors outside of your control.
- We have discretion to grant an extension of time for you to make your downsizing contributions where your circumstances warrant it.
- We will publish further information on how to apply for an extension of time on ato.gov.au/downsizing from 1 July 2018.

What happens if your contribution is not eligible?

If we determine your downsizer contribution does not meet all of the eligibility requirements we will notify you and the super fund that received your contribution. The super fund will then assess if it can be accepted as another type of contribution based on your age and working status. If it can, it will count towards your contributions caps. If it can't, the amount will be returned to you.

- For more information go to ato.gov.au/downsizing

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