

# Downsizer Contributions

For many Australians the family home is the biggest asset they'll ever own, but retirees often find themselves with a home that is larger than they need. The introduction of downsizer contributions means that if you're aged 65 or over, you may be able to downsize your home and add up to \$300,000 to your super.

## What is a downsizer contribution?

A downsizer contribution allows individuals aged 65 or over to contribute up to \$300,000 from the proceeds of the sale of their home to their super. The superannuation work test<sup>1</sup> does not apply to downsizer contributions. Downsizer contributions have a number of eligibility requirements and rules which are outlined below.

## How do downsizer contributions work?

If you're aged 65 or over and sell your home, you may be able to make a downsizer contribution to your super. If you have a spouse, they may also be able to make a downsizer contribution if they are aged 65 or over.

## Some important things about downsizer contributions

- You don't have to buy a smaller house or even another property with the proceeds of the sale to make a downsizer contribution.
- Downsizer contributions do not count towards either super contributions cap.
- Your downsizer contribution amount cannot exceed the total proceeds of the sale of your home.
- You can make a downsizer contribution to super even if your total super balance is more than \$1.7 million.<sup>2</sup> However, any downsizer contributions you make will count towards your total super balance in future financial years.
- Downsizer contributions count towards your \$1.6 million transfer balance cap which limits the amount that can be transferred into retirement pensions.
- You cannot claim a tax deduction for downsizer contributions.

For more information on contribution caps please see our 'Contribution Caps' fact sheet available at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets).

## Downsizer contributions and the Age Pension

Downsizer contributions are not exempt from the Age Pension means test.

Making a downsizer contribution means lowering the value of an asset which is exempt from the Age Pension assets and income tests (i.e. your primary place of residence) and increasing the value of an asset that is included in both the Age Pension assets and income tests (i.e. your super if you're over Age Pension age). This means making a downsizer contribution may affect your Age Pension entitlement.

If you receive or plan to receive Age Pension payments in the future, we recommend you seek expert financial advice before selling your home and making downsizer contributions.

## Am I eligible to make a downsizer contribution?

To qualify to make a downsizer contribution:

- You must be at least 65 years of age at the time you make the contribution.
- The property you sell must be, or was at some point in the past, your principle home.
- You or your spouse have owned the home for 10 years or more prior to the sale.
- Your home is in Australia and is not a mobile home (e.g. caravan or house boat).
- The amount you are contributing must be from the sale proceeds of your home.
- The contribution is made within 90 days of receiving the sale proceeds (usually the date of settlement).
- You can only make downsizer contributions from the sale of one home.

<sup>1</sup> To meet the work test you must be aged 67 and employed or self-employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

<sup>2</sup> Your total superannuation balance for a financial year is the total value of all of your superannuation and income stream accounts as at 30 June of the previous financial year (currently \$1.7 million). If it's more than \$1.7 million, then you cannot make any non-concessional contributions into super.

## How do I make a downsizer contribution?

You will need to complete the Australian Taxation Office (ATO) 'Downsizer contribution into superannuation' form available on our website at [eisuper.com.au/forms](https://eisuper.com.au/forms) and provide this form to us either before or when making your contribution.

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 less any other downsizer contributions that have been made by your spouse.


If the ATO notifies us that your contribution does not meet the downsizer contribution eligibility requirements, we will assess whether your contribution could have been made as a personal contribution under the contributions acceptance rules. If your contribution could be accepted, the amount will count towards the relevant contribution cap. If your contribution can't be accepted, we will return the contribution amount to you.

### Seek professional advice

If you are considering downsizing your home and would like to speak to an EISS Super financial planner, please call **1300 369 901** or visit [eisuper.com.au/appointment](https://eisuper.com.au/appointment).



## We're here to help

 1300 369 901

 [eisuper.com.au](https://eisuper.com.au)

 GPO Box 7039, Sydney NSW 2001

Energy Industries Superannuation Scheme Pty Limited ABN 72 077 947 285, RSE Licensee L0001373 and AFS Licence 441877 as trustee for Energy Industries Superannuation Scheme Pool A ABN 22 277 243 559, RSE R1004861 and Pool B ABN 64 322 090 181, RSE R1004878, and trading as EISS Super. This information is current as at the date of issue, of a general nature only and has been prepared without taking account of your objectives, financial situation or needs. Before acting on this information or making an investment decision about whether to acquire, hold or sell a financial product, you should consider its appropriateness having regard to your financial objectives, situation and needs and read the relevant Product Disclosure Statement, available at [eisuper.com.au/pds](https://eisuper.com.au/pds) or by contacting us on 1300 369 901. You should also consider obtaining financial, taxation and or legal advice which is tailored to your personal circumstances before making a decision. 50042 07/20 ISS2