

Downsizer Contribution Guide

The 'Downsizer Contributions' measure allows individuals to make a lump sum contribution of up to \$300,000 from the sale of their main residence.

Downsizer Contribution Guide

How it works:

- The individual must be 65 years old or over at the time they make a downsizer contribution (there is no maximum age limit).
- The amount being contributed is from the proceeds of selling their home where the contract of sale was exchanged on or after 1 July 2018.
- The home was owned by the individual or their spouse (or former spouse) for 10 years or more prior to the sale.
- The home is in Australia and is not a caravan, houseboat or other mobile home.
- 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 would be entitled to such an exemption if the home was a CGT rather than a pre-CGT (acquired before 20 September 1985) asset.
- The downsizer contribution is made within 90 days after the time the change of ownership occurs as a result of the sale (an extension can be granted by the ATO in limited circumstances).
- The individual chooses the contribution to be a downsizer contribution.
- The individual has not previously made a downsizer contribution to super from the sale of another home.
- The individual must provide the super fund with a "Downsizer contribution form" either before or at the time of making the downsizer contribution.
- It is up to the individual to ensure they have met all the Downsizer requirements. The Fund does not have to investigate either their eligibility or that the transfer balance cap has not been exceeded by making contributions to other superannuation funds.

Things to consider:

- The downsizer contribution is not a non-concessional contribution so will not count towards the member's contributions caps.
- The downsizer contribution can still be made if an individual has a total super balance greater than 1.6 million. However, the contribution will count towards an individual's transfer balance cap, currently set at \$1.6 million. This cap applies when super savings are moved into the retirement phase.
- A downsizer contribution will not affect the individual's total super balance until the total super balance is re-calculated to include all the contributions, including the downsizer contributions, on 30 June at the end of the financial year.
- An individual can only make downsizing contributions for the sale of one home. They can't access it again for the sale of a second home.
- Downsizer contributions are not tax deductible and will be taken into account for determining eligibility for the age pension.
- If an individual sells their home, is eligible and chooses to make a downsizer contribution, there is no requirement for them to purchase another home.

Downsizer contribution amount

The maximum an individual may contribute as a downsizer contribution is \$300,000.

However, the contribution amount cannot be greater than the total amount received for the sale of their home.

For Example:

- A** Couple A, sell their home for \$800,000.
Each spouse can make a contribution of up to \$300,000.
- B.** Couple B sell their home for \$400,000.
The maximum contribution both can make cannot exceed \$400,000 in total.
This means they can choose to contribute half (\$200,000) each, or split it – for example, \$300,000 for one and \$100,000 for the other.

In both cases, the contribution must be made within 90 days of receiving the proceeds of the sale.

Contact us

More information

For more details see the Downsizer Contribution measure on the ATO website.

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