

Downsizer Contribution

What is the downsizer contribution?

The downsizer contribution is an amount of up to \$300,000 that can be paid in to your super, from the proceeds of selling your home. If you have a spouse, the total contribution is up to \$600,000 (\$300,000 each).

A downsizer contribution does not count towards your contribution caps,¹ and can still be made if you have a total super balance of \$1.7 million or more.

Downsizer contributions are only available where the contract of sale was exchanged on or after 1 July 2018, and must be made within 90 days of receiving the proceeds of sale.

Who is eligible?

Eligibility is determined by the Australian Taxation Office (ATO). The ATO outlines eligibility to make a downsizer contribution as follows:

You (and if applicable, your spouse) will be eligible to make a downsizer contribution to super if you can answer yes to all of the following:

- You are 60 years old or older at the time you make a downsizer contribution (there is no maximum age limit)
- The amount you are contributing is from the proceeds of selling your home, where the contract of sale was exchanged on or after 1 July 2018.
- Your home was owned by you or your spouse, for 10 years or more prior to the sale (the ownership period is generally calculated from the date of settlement of purchase, to the date of settlement of sale).
- Your 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.
- You have provided your super fund with the *Downsizer Contribution into Superannuation* form either before, or at the time of making your downsizer contribution.
- You make your downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement.
- You have not previously made a downsizer contribution to your super from the sale of another home.

Please Note

If you sold your house and your name (and not your spouse's) was listed on the title of your property, your spouse can still make a downsizer contribution, or have one made on their behalf, provided you both meet the eligibility criteria.

If you have a spouse, the combined total contribution is up to \$600,000 (\$300,000 each), and both you and your spouse will need to complete the form at the end of this factsheet.

Downsizer contribution examples:



A couple sells their home for
\$400,00

The maximum contribution cannot exceed \$400,000 in total. This means they can choose to **contribute half each**, or **split it** - for example, \$300,000 into one account and \$100,000 into the other.



A couple sells their home for
\$600,00

Out of John and Fatima, only John is on the title. They both meet all the other requirements, therefore John and Fatima can make a downsizer contribution of up to \$300,000 each.



A couple sells their home for
\$800,00

Each spouse can make a **contribution of up to \$300,000**.

1. Contribution caps - Limits that apply in relation to how much you can add to your super. 2 Provided for illustrative purposes only. Source: ato.gov.au

How to make a downsizer contribution

- ✓ Check your eligibility to make the contribution
- ✓ Complete the *Downsizer Contribution into Superannuation form* (obtain from ato.)
- ✓ Send this form to your superannuation fund
- ✓ Ensure that you send the form before or at the time that you make your downsizer contribution.

What if the ATO determines that I'm not eligible?

Eligibility to make a downsizer contribution is determined by the ATO. If the ATO subsequently determines that your contribution does not meet the downsizer contribution eligibility requirements, they will notify you, and QSuper.

Once we are notified, we will assess whether your contribution could have been made as a personal contribution, and which contribution cap it will count towards.

If it is decided your contribution can not be accepted, we will return the contribution amount to you.

What else should I know?

- While the downsizer contribution must be made within 90 days of receiving the proceeds of sale, in some circumstances you may be able to request an extension from the ATO. Please contact the ATO for more information.
- The downsizer contribution does not count towards your contribution caps. However, when you move your super savings into retirement phase, it will count towards your transfer balance cap,¹ currently \$1.7 million.
- You can make more than one downsizer contribution from the proceeds of a single sale (up to your limit). However, all contributions must be made within 90 days of receiving the proceeds of sale, unless you have been granted an extension.
- Downsizer contributions are not tax deductible.
- Downsizer contributions will be taken into account for determining eligibility for the Age Pension

Where can I find more information?

The ATO provides detailed information on downsizer contribution eligibility.

Visit ato.gov.au/downsizing or call the ATO on **13 10 20**.



Financial Advice

Deciding what is best for you will depend on your personal circumstances and you may want to seek personal financial advice to get the most from your superannuation.