DOWNSIZER CONTRIBUTIONS

A SMART WAY TO BOOST YOUR SUPER!

What is a downsizer contribution?

A downsizer contribution is a one off, after tax contribution to your superannuation fund from the proceeds of selling your home.

It's designed to help Australians from age 55 who are approaching retirement to boost their retirement savings when downsizing to a more manageable property.

Eligibility and contribution limits

As of 2025, individuals aged 55 and over can make downsizer contributions. This age requirement has been progressively lowered from the original 65 years to make the scheme accessible to a broader range of Australians.

There's no upper age limit and is particularly beneficial for those over 75 who are typically restricted from making voluntary super contributions.

The contribution limit is up to $300,000 per person or $600,000 for a couple.

It's important to note that the contribution amount cannot exceed the total proceeds from the sale of your home.

Key benefits of downsizer contributions

1. **Boost your super balance**
   Downsizer contributions provide a rare opportunity to inject a substantial amount into your super fund to potentially increase your retirement income.
2. **Exempt from contribution caps**
   Unlike regular super contributions, downsizer contributions don't count towards your annual concessional or non-concessional contribution caps.
3. **No work test required**
   You don't need to meet any work test to make a downsizer contribution making it accessible even if you're fully retired.
4. **Tax-free component**
   Downsizer contributions form part of the tax free component of your super fund. This can be beneficial for estate planning purposes.
5. **No total super balance restrictions**
   You can make a downsizer contribution regardless of your total super balance even if it exceeds $1.9 million.

How to make a downsizer contribution

To make a downsizer contribution, you'll need to:

1. Contact your super fund to ensure they accept downsizer contributions.
2. Complete the 'Downsizer contribution into super' form available from the ATO website.
3. Submit the form to your super fund before or at the time of making the contribution.
4. Make the contribution within 90 days of receiving the proceeds from the sale of your home.

Or allow us to assist you with this process.

Considerations for pending retirees

If you are preparing for your retirement property in advance, there are a few key points retirees should keep in mind.

1. **Strategic planning**
   Consider using your non concessional contributions cap before making a downsizer contribution, especially if your super balance is approaching $1.9 million.
2. **Personal tax situation**
   If you have high personal taxable income, you might like to explore other contribution strategies alongside the downsizer contribution as it can't be claimed as a tax deduction.

3. **Accessibility**
   Remember that once the money is in your super fund, you'll need to meet a condition of release to access it. If you're under 65 and still working, consider whether you might need these funds for other purposes such as buying a new home.
4. **Market conditions**
   Keep an eye on property market trends as they may influence your decision on when to sell and make a downsizer contribution.
5. **Potential policy changes**
   While there are no confirmed changes for 2025 at this time, it's always wise to stay informed about any potential updates to superannuation policies that may affect downsizer contributions.

Downsizer contributions offer a valuable opportunity for mature Australians to bolster their retirement savings.

By selling a larger family home and contributing some of the proceeds to super, you can potentially improve your financial position in retirement.

However, it's crucial to consider your individual circumstances and seek professional advice to ensure this strategy aligns with your overall retirement plan.

What you need to know:

- You can only use the downsizer contribution once, so timing and careful consideration are key.
- Your home must be owned by you or your spouse for no less than 10 years before the sale.
- Stay informed about any potential changes to the scheme and consult with our financial advisor team to make the most of this superannuation strategy.

Thanks for reading this month's ACCOUNTable. Remember to read our follow up topic below.

We value your feedback and look forward to hearing from you soon.

Contact us to read
'Eligibility requirements for making a downsizer contribution'.

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