MEDIA RELEASE

FOR IMMEDIATE RELEASE

9 September 2019

QSuper members downsize their homes to upsize their super

One of Australia's largest superannuation funds, QSuper says its members have contributed more than $69 million to their super by downsizing their family homes.[1]

Analysis released today shows more than 320 QSuper members made an average downsizer contribution of $220,000 since the government measure was introduced last year.

QSuper data showed:

- 52% of contributions were made by females and 48% by males.
- The average age of the member was 72 years old, with the oldest aged 97.

Introduced on July 1, 2018 the downsizer measure allows eligible Australians aged 65 and over to sell their primary residence (which they have held for 10 years or more) and contribute up to $300,000 (or $600,000 as a couple) from the sale proceeds into super. Downsizer contributions aren't taxed, they don't count towards an individual's annual contribution caps and are exempt from the $1.6 million total superannuation balance restriction.

QSuper's Chief of QInvest, Ms Kim Hughes predicted more older Australians with substantial equity in their homes would take advantage of the one-off opportunity to boost their income in retirement.

"For older baby boomers who have paid off their mortgage and found themselves with an empty nest, downsizing the family home could be a logical step for some. It may give them a smaller, lower maintenance property and frees up some capital for retirement. This initiative allows them to invest some of that surplus in a tax-effective environment," Ms Hughes said.

"There are many ways to add to your super during your working life, but this measure allows eligible older Australians to make a significant boost to their super balance outside of the normal restrictions such as the age and work tests and the annual contribution caps."

Ms Hughes said a 65-year-old adding $220,000 to their super would be able to draw an additional tax-free income of $15,000 per year until age 88.[2]

She said while the measure had obvious benefits, it was not suitable for everyone and financial advice could help to avoid potential tax and age pension penalties.

"As the family home is not counted in the assets test for the age pension, downsizing and putting some of the sale proceeds into super or other assets could mean a reduction in an individual's age pension payments or see them cancelled altogether," she said.

"While the downsizer contribution is exempt from a lot of the normal limits, the amount you can hold tax-free in a retirement account still applies. There is a cap of $1.6 million and there are penalties for going above that amount, so it could pay to get financial advice before using this measure."

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[1] QSuper member data as at 31 July 2019.

[2] These figures are illustrative only and assume an earnings rate of 6.12%pa (net of fees and taxes) and the $15,000 in annual income being indexed to CPI each year. Past performance is not a reliable indicator of future performance. Every investment option has a different objective, risk profile, and asset allocation.

Explainer:

The views of Kim Hughes are not necessarily the views of QSuper Board (ABN 32 125 059 006). This is general information only and you should get professional advice before relying on it. Consider your circumstances before deciding what is right for you.

About QSuper

QSuper is one of Australia's largest superannuation funds, with more than $110 billion under administration. From humble beginnings over a century ago, today we manage the retirement savings of more than 585,000 members. QSuper began as a public sector fund but has been an open fund since 2017.

For further information and media enquiries:

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