

# rocket science

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Thinking of  
downsizing?  
Open up for the downlow

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Financial

# To downsize or not to downsize? That is the question



Kids finally left home? Only using half your rooms? Found yourself in a house much bigger than you need? If you're like many home-owning Australians approaching retirement years, the option to downsize may be on your mind. Whilst it may seem as straight forward as selling one house and

buying another— there's more to this decision than meets the real estate eye. Read on for some crucial considerations.

At Rocket Financial, we can walk you through your downsizing financial strategy options, contact us on 1300 852 862 or email us at [emailus@rocketfinancial.com.au](mailto:emailus@rocketfinancial.com.au)

## Upside: Potential windfall

Chances are downsizing will free up a significant sum of money— giving you the luxury of choice. Perhaps you will put it towards your retirement or fund a once-in-a-lifetime trip (South American holiday anyone?). But remember to consider expenses such as agent's fees, removalist costs and stamp duty on the new property to more accurately understand your surplus cash amount.

## Upside: Tax gain

Good news! Family homes are typically exempt from capital gains tax (CGT), saving you a hefty sum. But please note, if the home has been used for income-producing activity (running a business or letting out a room), then a portion of the gain may be subject to CGT. More good news! Downsizing may reduce your living costs if you relocate into a new home, as they are usually more energy efficient, costing less to heat and cool.

# Thank you for being a big part of our business in 2023

We couldn't do it without you! It's been such an honour to help our clients achieve financial empowerment in 2023! Thank you to each and every one of our clients (yes, we're looking at you) and we wish you a safe and joyful Christmas with your family and friends. Please note, our office will be closed from 9am December 22nd and re-open on January 8th.

During the Christmas New Year period we encourage our hard working team to take a well-deserved break and switch off their work phones! We will however, continue to check emails periodically in case any urgent issues arise and maintain close supervision of our systems to ensure everything continues to run smoothly. If you do have an issue that can't wait, please contact your adviser directly who will support you as always.



## Downside: Centrelink asset test

Did you know the family home is exempt from Centrelink's age pension asset test? If qualifying for a full or part age pension is important to you, you may not want to free up too much cash when downsizing or you may risk eligibility. Indeed, some retirees actually dip into their savings to buy a higher value home. Their aim is to reduce their assessable assets and maximise their pension entitlement. However, this isn't always a good idea, as it increases the chances of being caught in the 'asset rich, cash poor' trap.

## Upside: Super boost

Designed as an incentive to downsize, Australians aged 55+ are permitted to contribute up to \$300,000 (\$600,000 for a couple) from the proceeds of selling their home to their superannuation account. The amount will be treated as a non-concessional (after-tax) contribution, and exempt from the usual restrictions. But watch the clock! The contribution must be made within 90 days of the change of ownership.

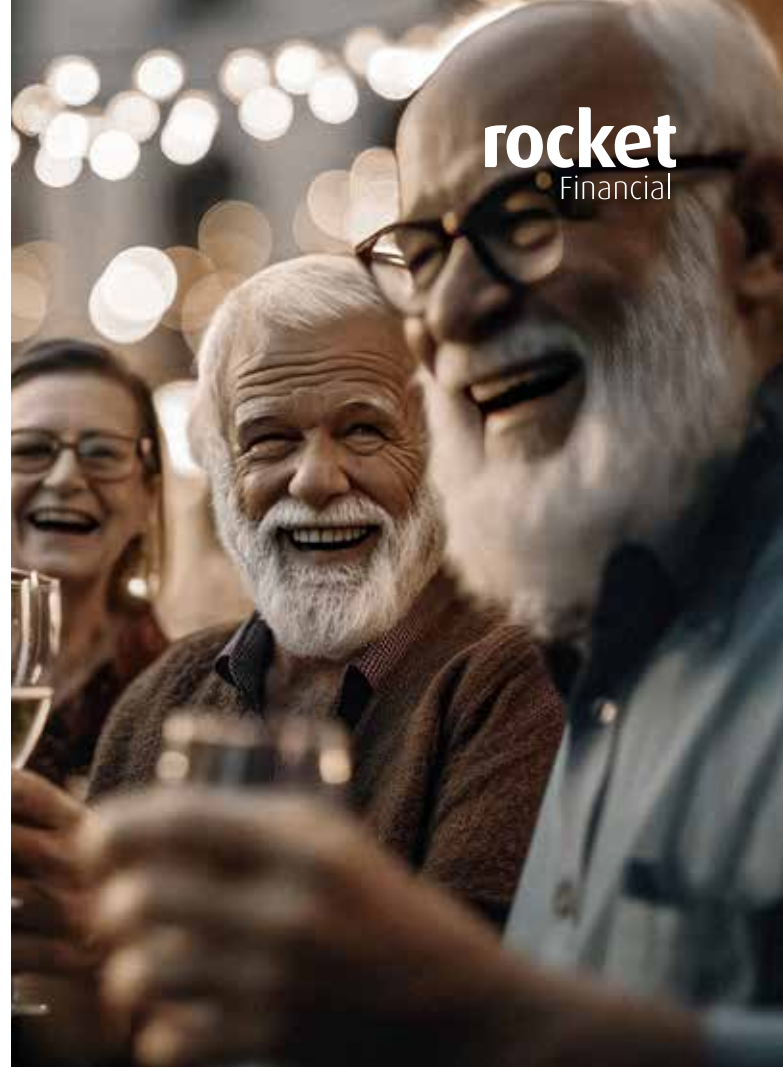
## Downside: Emotional cost

Moving house is amongst life's most stressful events—especially when you are giving up a lifetime of family memories and parting with many prized possessions to fit into a smaller space. Be aware that you may be vulnerable to an unexpected emotional reaction. Of course, everyone responds in different ways, but if you find it challenging, we encourage you to be open to professional support as it can make a world of difference.

## Speak to a financial advisor before you speak to a real estate agent

Downsizing has both financial and lifestyle implications. At Rocket Financial, we'll empower you to take control of your downsizing transition, so you can fully understand the impact of different strategies and choose the one which suits you best. We would welcome the opportunity to support you in achieving your long-term goals.

**Contact us on 1300 852 862 or [emailus@rocketfinancial.com.au](mailto:emailus@rocketfinancial.com.au) to set up an appointment today.**



## We're ready to help your family and friends too

Know anyone who might benefit from the financial advice of Rocket Financial? We're passionate about supporting a wide range of clients, whatever their income level or life stage – because everyone deserves financial empowerment!

Simply share our contact details (1300 852 862, [emailus@rocketfinancial.com.au](mailto:emailus@rocketfinancial.com.au)) or provide us with their details and we can get in touch with them directly. It's clients like you who help our business grow, we are so grateful to have you support us. As a small business it means the world.



## OUR SERVICES

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- Cash Flow
- Capital Longevity
- Investment Management
- Aged Care Advice
- Age Pension & Centrelink Benefits
- Estate Planning
- Personal + Business Insurance
- Superannuation Advice
- Retirement Planning

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If you require assistance with any of the above matters, please reach out and our team will be happy to assist.

**Contact us via 1300 852 862 or book a review online with an adviser on [www.rocketfinancial.com.au](http://www.rocketfinancial.com.au)**

**1300 852 862**

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