

Exempt excess sale proceeds from the Age Pension means test when selling a principal place of residence to support downsizing into age friendly homes.

Overview

- Housing needs change as people age. [ABS](#) data shows 45% of households receiving a pension or government allowance have two or more spare bedrooms, some may be surplus to need.
- Housing, which once might have been suitable, can become challenging to maintain and unsafe, due to changes to capacity and mobility.
- [NSA](#) surveys suggest as much as a third of older people are open to the idea of moving - 50% of respondents want housing that meets ageing needs, 43% want a smaller property, and 40% seek lifestyle improvements. This research also highlights the cost of moving and the impact on pension entitlements as barriers to relocating to age-appropriate housing in later life.

WHAT ARE WE CALLING FOR?

- Excess proceeds from the sale of the family home (up to a reasonable cap) should be exempt from the Age Pension means test.
- The policy would be targeted at those most in need. Eligible recipients should:
 - be assessed as requiring an aged care Support at Home package;
 - be aged 80 or older and
 - have lived in their home for a minimum of 15 years.
- The policy could require that excess funds be allocated into superannuation – as a means to boost personal savings and income.

Budget impact

- The budget impact of this measure would be limited. People become less likely to consider downsizing in later life, often continuing in their homes until they require residential aged care or pass away, meaning there is limited revenue foregone from reduced pension outlays.
- In support of this, NSA research has found the proportion of people over 80 considering downsizing is much lower than those aged 50-79 (24% vs 35%). Similarly, the proportion who will never consider moving is significantly higher (38% vs 32%). Analysis of DSS administrative and ABS population data shows the proportion of population receiving a pension stabilises at about 80% after the age of 80 indicating limited change in this cohort.
- Incentivising these people to downsize will have positive impacts on housing and the economy, which will have flow on benefits for the federal budget.

