

10 October 2022

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

By Email: community.affairs.sen@aph.gov.au

Dear Committee Secretariat,

Inquiry into Incentivising Pensioners to Downsize Bill 2022

The Financial Services Council (**FSC**) welcomes the opportunity to comment on the *Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Bill 2022 (Bill)* to support pensioners (or other eligible income support recipients) during the sale and purchase of a new principal home.

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses.

The FSC's mission to assist its members to achieve an increase in the financial security and well-being of Australians, and to provide them with a comfortable retirement.

We note and support the specific changes proposed to extend the existing assets test exemption for principal home sale proceeds which a person intends to use to purchase a new principal home from 12 months to 24 months, and to apply only the lower below threshold deeming rate to these asset test exempt principal home sale proceeds when calculating deemed income will support this objective.

These are simple, effective changes to help individuals make decisions to 'right-size' their home to unlock trapped equity, boost their income and improve their quality of life in retirement.

We also wish to highlight to the Committee the similar objectives this Bill has with other recently proposed changes¹ currently before parliament to reduce age eligibility

¹ *Treasury Laws Amendment (2022 Measures No. 2) Bill 2022*

of individuals from 60 to 55 to make downsizer contributions to their superannuation plan from the proceeds of selling their main residence.

We would be happy to answer any questions you may have on this submission. Please feel free to contact me, Aidan Nguyen, on ANguyen@fsc.org.au.

Yours sincerely,

Aidan Nguyen
Policy Manager, Superannuation