First Home Super Saver scheme

When it comes to buying your first home, saving enough money for a deposit can be a big challenge. One way you could save faster is by using your superannuation and the First Home Super Saver scheme.

The FHSS lets you save for a first home deposit using money added to your super account, as well as (or instead of) your bank account savings.

The super system is different to the banking system; the return on these savings could be higher than the interest offered by a bank, and super is usually taxed at a lower rate. Both these factors mean people should be able to save a deposit (or part of a deposit) faster by using their super account.

How does it work?

Under FHSS rules you can make extra contributions into your super account (called voluntary contributions) to fast-track your super.

These contributions must be made by you. Compulsory super payments (super guarantee) from an employer don't count.

When you're ready, these amounts can be withdrawn, minus tax, PLUS a pre-determined (or 'deemed') rate of return on top of the original contributions.

The deemed rate is set by the Australian Tax Office (ATO) and will be different to what your super may have earned. This is not a bad thing. It means it's guaranteed your FHSS savings will grow, even if super returns go down.

The most you can contribute to super for future 'release' under FHSS is $15,000 per year and $50,000 across all years.

Who is eligible?

To be eligible, you must:

- be 18 years old or older
- have never owned property in Australia before
- not have previously accessed your super under the FHSS scheme
- live in the house you purchase using the FHSS scheme for at least six months within the first 12 months of owning it.

Go to **ato.gov.au** to learn more about eligibility.

Types of voluntary contributions

Under the FHSS scheme, only voluntary contributions are counted towards the total amount of money that can be released for a home deposit. There are two types of eligible contributions you can make:

Voluntary Concessional Contributions (before tax)	
Salary sacrifice	Your employer takes extra money from your pay before tax and sends it to your First Super account on top of the compulsory super payments they already make for you.
Voluntary Non-Concessional Contributions (after tax)	
Personal contributions	Contributions you make from your bank account into your super account by EFT or BPAY®. (If you later claim these as tax-deductible contributions, they still count for FHSS purposes.)

Learn how to set up these types of contributions at **firstsuper.com.au/grow-my-super**.

Can you use KiwiSaver transfers to buy your first home?

If you've transferred money from a KiwiSaver account to First Super, then you may be able to use some of your balance under the FHSS scheme. But only certain types of contributions can be counted. Read our webpage on this topic at **firstsuper.com.au/kiwisaver-fhss**. And be sure to check with the ATO at **ato.gov.au** or **13 10 20** to find out if you're eligible.

Important

The ATO is responsible for setting and applying the rules for the FHSS scheme. They decide who is eligible to qualify for the scheme. As your super fund, First Super will invest any contributions you make as normal but can only release money under the FHSS scheme when instructed by the ATO. It's important you read the full rules on the ATO website at **ato.gov.au** before you make contributions for the purposes of saving for a home.

Example: Dimitri uses the superannuation system to buy his first home

Dimitri wants to save money for a deposit on his first home.

1. Dimitri starts adding extra money into his super by salary sacrifice and from his bank account.
2. Dimitri logs into his MyGov account and applies for a FHSS determination and release.
3. The ATO approves the release. They issue a 'release authority' to First Super.
4. First Super releases the requested amount to the ATO.
5. The ATO deducts tax at Dimitri's marginal rate, less a 30% offset, and then transfers the balance to Dimitri.

Dimitri uses his savings for a deposit and purchases his first home.

Sounds good! What's the catch?

The FHSS scheme has advantages and disadvantages. The clear advantage in using the super system is that it can speed up your saving, and you may pay less tax and could get a higher return on your money.

The downside is the risks, rules, and complexities that can be difficult to understand. Saving for a deposit takes time. If you happen to change your mind, or are unable to purchase your first home, the amount of money you saved into super cannot be withdrawn. It will stay in your super account as part of your retirement savings.

We're here to help, so let's talk.

Call our Member Services team weekdays 8am – 6pm (AEST) for general advice, and if you want to dig a bit deeper we can arrange an appointment with our Financial Planners or Member Services Coordinators.

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