FIRST HOME SUPER SAVER SCHEME

When it comes to buying your first home, saving enough money for a deposit can be a big challenge. Not to mention the issue of housing affordability. To give people a faster way to save, the Federal Government introduced the 'First Home Super Saver' scheme (FHSS) in 2017.

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When you're ready, these amounts can be withdrawn, minus tax, PLUS a pre-determined (or 'deemed') rate of return on top of the original contributions.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

Currently, the most you can contribute for FHSS purposes is $15,000 a year and $30,000 in total. But this amount will increase on 1 July 2022 to $50,000 in total.

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 FHHS scheme

> live in the house you purchase using the FHSS scheme for at least 6 months within the first 12 months of owning it.

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

'SO, IT'S **MY** MONEY THAT **I** PUT INTO MY SUPER ACCOUNT, **ON TOP OF** WHAT MY EMPLOYER ALREADY PAYS?'

YES. Under the FHSS scheme, only voluntary contributions are counted towards the total amount of money that can be released for a home deposit.

This table helps to explain the types of voluntary contributions eligible as part of the FHSS scheme.

TYPES OF VOLUNTARY CONTRIBUTIONS

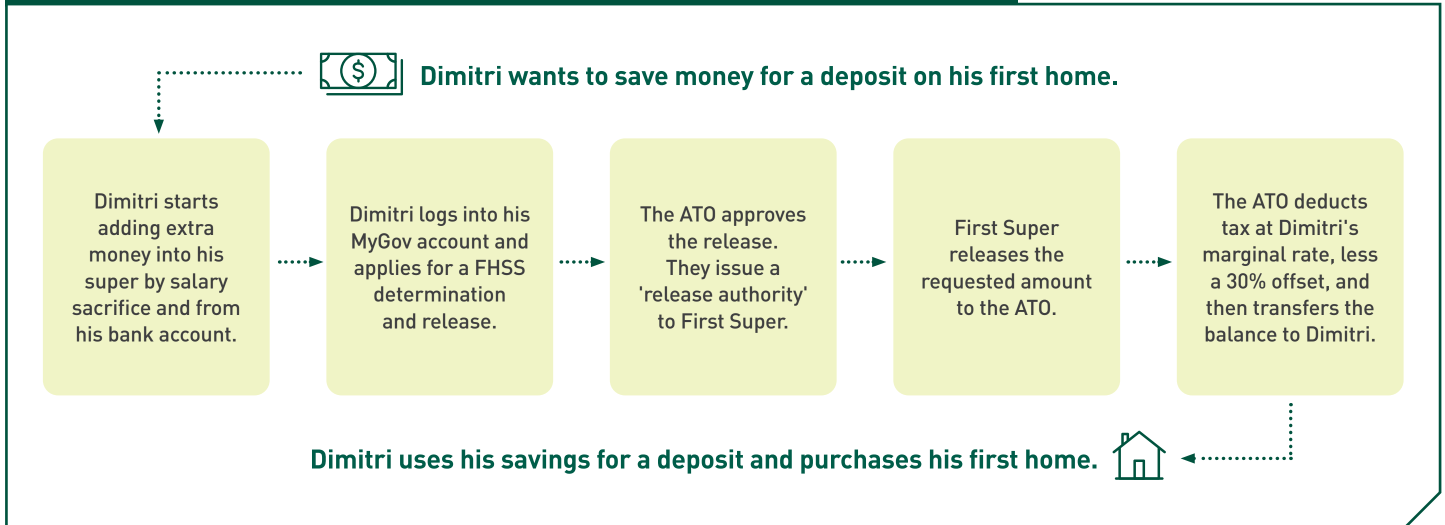
Voluntary Concessional Contributions (before tax)	
Salary sacrifice	Your employer takes extra money from your pay before tax and sends it to your First Super account on top of the compulsory super payments they already make for you.
Voluntary Non-Concessional Contributions (after tax)	
Personal contributions	These are 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.)
KiwiSaver Contributions	
Balance transfers*	These are transfers from a New Zealand super fund to an eligible Australian fund, like First Super.

*Only certain types of super contributions that form part of your balance can be counted. Contact the ATO at **ato.gov.au** or **13 10 20** to find out if you can withdraw your KiwiSaver for a first home.

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

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 SUPER SYSTEM TO BUY HIS FIRST HOME



SOUNDS GOOD! IS THERE A CATCH?

Like any scheme, 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 (Melbourne time) 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.

Important information:

The material contained in this bulletin is accurate and reliable as at August 2021.

Past investment returns are not a reliable indication of future returns.

This information is of a general nature only and does not take into account your personal circumstances or situation. We recommend that you seek qualified financial advice before making any investment decision. The bulletin is provided by First Super Pty Ltd ABN 42 053 498 472, AFSL No. 223988, as the Trustee of First Super ABN 56 286 625 181. If you intend to invest in or continue to hold this product you should obtain and consider a copy of the Product Disclosure Statement which is available by phoning 1300 360 988.

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