



First Home Super Saver

Purchasing your first home is one of the most exciting steps you'll ever take. The First Home Super Saver Scheme is a new savings incentive scheme designed to help first home buyers save up to 30% faster through voluntary super contributions. The FHSSS was announced in the May 2017 Federal Budget to help first home buyers.

Who is eligible to use the First Home Super Save Scheme?

If you are an eligible first home buyer, aged 18 or over, you can withdraw voluntary super contributions (which you've made since 1 July 2017) to put towards a home deposit. You must not have already used the scheme or owned real property in Australia.

How does the scheme benefit first home buyers?

Due to favorable tax treatment, generally available through super, this scheme intends to help first home buyers to grow their deposits quicker, while potentially reducing the tax they pay.

When the money is withdrawn under the FHSSS, amounts that were contributed as before-tax or tax-deductible contributions are taxed at your marginal tax rate, less a 30% tax offset, while amounts that are contributed as after-tax contributions aren't subject to additional tax. Note, tax will apply to associated earnings.

How much can I contribute?

You can contribute up to \$15,000 a year, and a maximum of \$50,000 over several years, under the scheme. These contributions must be within existing contribution caps (e.g. the \$27,500 per year concessional (before tax) contributions cap and \$110,000 per year non-concessional (after-tax)).

Will my contributions be taxed?

Concessional contributions (e.g. salary-sacrificed) are taxed at 15% in the fund, as usual. Any after-tax contributions are not taxed.

How much will I be able to withdraw?

You will be able to withdraw a deemed rate of earnings on top of your contributions. This deemed rate is set to the 'Shortfall Interest Charge', which for 2022-2023 financial year is 6.46% (April-June quarter). This deemed earnings rate is typically higher than deposit rates currently on offer from financial institutions.

When can I withdraw my savings?

From 1 July 2018, you can withdraw your savings when you are ready to enter the housing market. You do not need to have found your home yet, but you will need to buy a home within 12 months of withdrawal. You can ask the Australian Tax Office (ATO) to extend this to 24 months.

How will my savings be released?

The ATO will be able to tell you the maximum amount you can release under the FHSSS, and you can apply to them to release when you're ready. Withdrawals are generally taxed at your marginal tax rate, including Medicare levy, less a 30% offset. You must buy a 'residential premises' after withdrawing your savings. This includes vacant land (if you're planning to build), but not any premises that can't be occupied as a residence, and not houseboats.

What kind of home could I buy?

You must buy a 'residential premises' after withdrawing your savings. This includes vacant land (if you're planning to build), but not any premises that can't be occupied as a residence, and not houseboats or motor homes. It has to become your home, not an investment property. You would have to occupy the premises for at least 6 months in the year after purchase (or construction).

What if I don't end up buying a home?

If you don't buy a home after your time expires, you may either contribute the released amount back into superannuation, or pay a tax equal to 20 per cent of the concessional amount released. This removes the tax benefit you received from using the FHSSS.

You should also ensure you check for any other available government grants or subsidies.

This document contains general advice. It does not take account of your objectives, financial situation or needs. You should consider talking to a financial adviser and read the relevant Product Disclosure Statement (PDS) before making a financial decision. This document has been prepared by Lifestyle Financial Services, a division of Priority Advisory Group, which is a Corporate Authorised Representative of *Fortnum Private Wealth Ltd* (ABN 54 139 889 535), AFSL 357 306. Information in this document is based on current regulatory requirements and laws, which may be subject to change. While care has been taken in the preparation of this document, no liability is accepted by Lifestyle Financial Services, Fortnum Private Wealth, its related entities, agents and employees for any loss arising from reliance on this document.

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