Super and saving for your first home

Fact sheet

Trying to save a deposit for your first home? The good news is that your super may be able to help.

Thanks to the government's new First Home Super Saver Scheme, you could save for a deposit sooner by taking advantage of the special tax treatment your super savings enjoy.

Here's how it works

You're saving for your retirement with the Superannuation Guarantee (SG), the money your employer puts into your super for you. You can also add to your super by making your own extra voluntary contributions on top of the SG - either before-tax contributions like salary sacrifice, or personal after-tax contributions.

From 1 July 2018, the First Home Super Saver Scheme lets you take out the ***extra*** money you've put into your super and use it as a deposit to buy or build your first home. You'll be able to withdraw from extra contributions you've made since 1 July 2017 by applying to the Australian Taxation Office (ATO).

Am I eligible?

You can use the First Home Super Saver Scheme if you:

- are over 18
- haven't previously owned property in Australia (if you've experienced financial hardship, talk to the ATO as you may still be eligible)
- haven't already requested release of your super savings under the First Home Super Saver Scheme.

How much can I save?

You can save up to $15,000 per financial year and $30,000 in total under the First Home Super Saver Scheme. Any extra contributions you make to your super above this amount stay in your super until you retire or meet another condition of release.

What can I withdraw?

You can withdraw voluntary contributions including:

- pre-tax contributions (salary sacrifice or personal deductible contributions)
- personal after-tax contributions.

You won't be able to withdraw:

- Superannuation Guarantee or other contributions under an award or enterprise agreement
- spouse contributions
- government contributions such as co-contributions
- contributions above government caps
- defined benefit contributions.

How much can I withdraw?

You can withdraw up to:

- 100% of your eligible after-tax contributions
- 85% of your eligible before-tax contributions.

You'll also receive earnings (called associated earnings) on your eligible contributions. The rate of earning is set by the ATO, and might be different to actual earnings.

How do I get my money?

When you're ready, you can ask the ATO to determine how much can be paid to you according to the rules of the scheme. For more information on requesting a determination and release of your savings, go to **ato.gov.au**

What about tax?

Eligible after-tax contributions are released to you tax free. Eligible before-tax contributions and associated earnings are taxed at your marginal tax rate, less a 30% tax offset. The ATO will withhold tax on the released amount – this will be at 17% if the ATO doesn't know your marginal rate.

What happens after my super is released?

Congratulations, you're a step closer to owning your first home. You'll now just need to:

- enter into a contract to buy or build your home within 12 months (you can apply for an extension)
- move into your new home and live in it for at least 6 of the first 12 months after you've moved in.

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

Sometimes plans change or don't work out. So, if you don't end up buying a home, there are two things you can do:

- contribute the assessable released amount back into your super
- pay the First Home Super Saver Tax which is equal to 20% of the assessable released amount.

Check out how much you could save

To work out how much you could save towards your first home, check out the First Home Super Saver Scheme Estimator at **budget.gov.au/estimator**

Here's an example of how the scheme can help.

Alexander and Vera have incomes of $65,000 and $55,000 and estimate that they can set aside $6,400 (combined) from their pay after tax.

Instead of putting this money in a bank account, they decide to salary sacrifice $5,000 per year each into their super. After six years of salary sacrificing, they have combined available savings of $55,468* in their super fund for a deposit under the First Home Super Saver Scheme.

By putting extra into their super, they've saved a combined $15,780 more compared with contributing after tax income into a bank account with an interest rate of 2%.

Need advice about the First Home Super Saver Scheme?

It's a good idea to have a chat with a financial adviser. They can help you decide if the scheme's right for you, check your eligibility, look at how much tax you might save, and let you know about the tax implications if you don't use the money to buy your first home.

Get started and watch your voluntary contributions grow

To see how easy it is to make extra contributions to your super, visit **rest.com.au/grow**

And you can check how your voluntary contributions are adding up online in MemberAccess – just to go **rest.com.au** to register or login.

If there's anything we can do

rest.com.au

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*Based on associated earning rate of 4.78% per annum.

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