First home super saver scheme

Information sheet **March 2024**

The first home super saver (FHSS) scheme allows first home buyers to save for a deposit inside super.

How it works

- You must make your own voluntary contributions into your super. Contributions received before 1 July 2017 are not eligible to be withdrawn under this scheme.
- Your contributions can be before tax (salary sacrifice) or after tax.
- When you are ready to buy your first home, you can apply to release up to $15,000 per financial year of your voluntary contributions to a limit of $50,000 in total.
- You can only apply once for release under the FHSS scheme.
- Your spouse (if applicable) can also take advantage of the FHSS scheme.
- You must apply for and receive your FHSS determination before signing a contract to purchase your property.
- You have 12 months to sign a contract to purchase a property from the date you make a request for release.

Why use it?

The first home super saver scheme (FHSS) may help you to save for your first home more quickly by taking advantage of the lower tax rates in super. For example, before-tax (concessional) contributions to super are taxed at just 15% for most people, rather than being taxed at your marginal tax rate.

Am I eligible?

To qualify for release of funds under the FHSS scheme you must:

- have never owned a property (as defined below) in Australia
- be at least age 18 at the time of requesting an FHSS determination
- purchase a property^ in Australia within 12 months of applying for a request for release (you can ask the Australian Taxation Office (ATO) to extend this to 24 months if required)
- live or intend to live in the property you're buying as soon as practicable, for at least 6 of the first 12 months from when the property can be occupied, and
- not previously have received an FHSS payment.

^ Your name must be on the property title.

What does 'property' include?

For the eligibility purposes of the FHSS scheme, you must not have previously owned property in Australia. This includes an investment property, vacant land, commercial property, lease of land in Australia or a company title interest in land in Australia.

Once your eligibility for the scheme is confirmed, it is important to note the types of property you are allowed to purchase under the rules. You can use the FHSS scheme to purchase residential premises — but not a houseboat, mobile home or any other type of property that is not capable of being occupied as a residence.

Vacant land may be eligible if you're going to build on it, but the land must be capable of being occupied as a residence. To meet the FHSS requirements with vacant land, you must have a contract signed to construct your home within 12 months of your request for release.

How can I make eligible contributions?

The first step of the FHSS scheme is to make voluntary member contributions to your super.[1] These include both before-tax (concessional) and after-tax (non-concessional) contributions. They do not include mandated contributions such as superannuation guarantee (SG), award or employer additional contributions. Contributions made by the government, your spouse or any contributor other than yourself are also excluded.

Voluntary contribution type	
Before-tax (concessional) contributions	• Salary sacrifice contributions • Personal contributions for which you claim a tax deduction.[2]
Non-concessional (after-tax) contributions	Personal contributions from after-tax money (for which no tax deduction will be claimed)

Additionally, you must meet the eligibility rules to make these contributions. Detail on these contributions and eligibility to contribute can be found in our fact sheet **Opportunities and limits for super contributions** at **ngssuper.com.au/PDS**

You do not need to tell us that these contributions are being made for the FHSS scheme.

How much can I access?

The amount you can access under the FHSS scheme is limited to $15,000 of eligible contributions from any one financial year, up to a total of $50,000 over multiple years less any contributions tax applicable, plus any associated earnings.
The FHSS maximum release amount includes:

- 100% of eligible after-tax contributions
- 85% of eligible before-tax contributions
- associated earnings[3] (calculated on the above contributions using a deemed rate of return).

Example: Charu earns a gross salary of $100,000 per annum and saves $10,000 a year to super via salary sacrifice. She does this for 5 years, reaching the maximum of $50,000 in eligible contributions that can be withdrawn under the FHSS.

As she has made these contributions before tax, her fund has deducted 15% contributions tax, leaving Charu with $42,500 plus associated earnings which she can withdraw from her super under the FHSS.

The ATO will withhold the appropriate amount of tax and offset against any outstanding Commonwealth debts.

You can only apply for a release once. You will also need to confirm that you will not claim a tax deduction on the after-tax contributions in this determination.

You should be aware that the order your contributions are received into your *NGS Accumulation account* may affect the maximum amount you can withdraw. This is because the ATO will apply the determination based on first-in first-out rule. Further details can be found at **ato.gov.au**

What you need to consider

It's important to consider whether participating in the scheme is right for you.

- The tax amount you can save will vary depending on your situation.
- Investment earnings on your FHSS amount(s) are deemed by the ATO, not based on the actual performance of your super fund.
- Withdrawing funds under the FHSS will reduce your retirement savings.

1. Voluntary contributions made to a defined benefit super fund are not eligble for release under the FHSS scheme.
2. Please note, you must lodge **a notice of intent to claim a tax deduction** with us before requesting a FHSS determination from the ATO.
3. Associated earnings use a deemed rate of return based on the 90-day Bank Bill rate plus 3 percentage points.

What tax applies?

The ATO will withhold the appropriate amount of tax on the FHSS amount paid to you. Tax applies to your contributions and earnings as follows.

Contribution type	Tax applicable when contribution is received	Tax payable on FHSS payment[4]
Before-tax (concessional) contribution	15%^ up to the cap	Taxed at your individual marginal tax rate with a tax offset of 30%
After-tax (non-concessional) contribution	Nil up to the cap	Nil
Earnings	N/A	Taxed at your individual marginal tax rate with a tax offset of 30%

^ If your combined income (including income and concessional super contributions) is $250K and above the super contribution tax increases to 30%.

Annual contribution limits apply to both before-tax (concessional) and after-tax (non-concessional) contributions made to your super. These limits (caps) are indexed each year and any contributions over the limit are subject to extra tax. Further details can be found in our fact sheet **Opportunities and limits for super contributions** at **ngssuper.com.au/PDS**

Family tax benefit and child support

Your assessable FHSS amount is not included in your assessable income for calculating family assistance and child support payments.

How do I apply for an FHSS payment?

To withdraw your super savings under the FHSS scheme you will need to first apply for a determination, and once approved, complete a *request for release*. You can do this through your **myGov** account via the super section of your linked ATO account.

The ATO will issue a release authority to your super fund/s, who will send the requested release amounts to the ATO. The ATO will withhold the appropriate amount of tax and offset against any outstanding Commonwealth debts you may have. They will then send the remaining balance to you.

What then?

- You have 12 months from the date you make a *request for release* to sign a contract to purchase or construct your property. You can ask the ATO to extend this to 24 months if required.
- You must move into the property as soon as practicable, and this must be within at least 6 of the first 12 months from when the property can be occupied.
- You must include the assessable FHSS released amount – shown on your payment summary – as assessable income in your income tax return for the tax year you made your request for release.
- You must notify the ATO that you have satisfied the requirements of the scheme within 28 days of entering into a contract. If you do not, an FHSS tax will be payable, equal to 20% of your assessable FHSS released amounts.

What if I can't find a home to purchase in time?

If you do not buy a home within the 12-month timeframe, you must re-contribute the assessable FHSS amount, less any tax that has been deducted, within the 12-month period (or 24-month period if the ATO has granted you an extension).

You will not be able to access these funds again under the FHSS scheme. Any after-tax contributions that have been released do not have to be re-contributed.

However, if you keep the released amount, you will be subject to an FHSS tax equal to 20% of your assessable FHSS released amount.

Changes to the FHSS scheme since 1 July 2022

Before 1 July 2022, the maximum amount you could withdraw through the FHSS scheme was $30,000. On 1 July 2022, this amount increased to $50,000. If you applied for a determination before 1 July 2022, the $30,000 maximum will apply to your request, and you won't be able to access the new $50,000 maximum.

4. The ATO will withhold the appropriate amount of tax and offset against any outstanding Commonwealth debts you may have. They will then send the remaining balance to you.

FHSS eligibility due to financial hardship

If you have previously held a property interest, the ATO may determine you are eligible for a FHSS release under financial hardship if you:

- have suffered a financial hardship that resulted in you ceasing to hold any property interest at the time of the hardship and
- have not held any other property since that time.

You will need to:

- request the ATO make a determination that you have suffered financial hardship (you can do this online via your **myGov** account) and
- apply for this determination at the same time that you request an FHSS determination.

A financial hardship event for FHSS purposes – which resulted in you losing all relevant property interest held at that time – includes (but is not limited to):

- bankruptcy
- divorce, separation from a de facto partner, or a relationship breakdown
- loss of employment
- illness
- the effect of a natural disaster.

Once an FHSS determination is made, all other requirements need to be met to continue to be eligible for release of a FHSS payment.

FHSS scheme and applying for a home loan

When you apply for a home loan, your lender may ask to see a history of regular savings (usually for a period of 3 to 6 months). You should speak with your lender to confirm if they accept FHSS savings as 'genuine savings' before opting into the scheme.

More information?

Contact us

You can contact us at **ngssuper.com.au/contact-us** or call us on **1300 133 177** Monday to Friday, 8am–8pm (AEST/AEDT).

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Need help?

If you are thinking about making extra contributions to super, consider obtaining professional advice for your personal situation.

We offer single-issue advice limited to your NGS Super account at no cost over the phone through our Financial Advice Helpline.

We also offer low-cost tailored advice through NGS Financial Planning. To make an appointment phone us on **1300 133 177** or complete the ***Financial advice enquiry form*** at **ngssuper.com.au/advice**

Important information

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