

# FIRST HOME SUPER SAVER SCHEME

And what it means for superannuation

INFORMATION SHEET

JULY 2019

From 1 July 2017, the First Home Super Saver (FHSS) scheme allows first home buyers to save for a deposit inside super.

## Key facts

- The FHSS scheme applies to voluntary superannuation contributions of up to \$15,000 per financial year and \$30,000 in total (or \$60,000 in total for an eligible couple) made from 1 July 2017 onwards. The amount you contribute each year is subject to contribution limits that apply each year.
- You can only apply to have your super savings released under the FHSS scheme once, even if you have requested an amount less than your FHSS maximum release amount.
- You have 12 months to sign a contract to purchase a property from the date you make a *request for release*. If you don't purchase a property within 12 months, you are required to re-contribute the assessable amount (less tax withheld) back into your super fund.
- You must apply for and receive your FHSS determination before signing a contract to purchase your property.

## 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 the withdrawal
- purchase a property in Australia within 12 months of applying for a *request for release*. You can ask the ATO to extend this to 24 months if required
- live or intend to live in the premises that you are purchasing as soon as practicable, and this must be for at least 6 of the first 12 months from when the property can be occupied; and
- not previously have received a FHSS payment.

## What does 'property' include?

For the purposes of your **eligibility to participate in the FHSS scheme**, you must not have previously owned property in Australia — this includes an investment property, commercial property, a lease of land in Australia or a company title interest in land in Australia.

Once your eligibility to participate in the scheme is confirmed, it is important to note the **types of property you are allowed to purchase under the rules**. You can use funds withdrawn from super under the FHSS scheme to purchase residential premises — but not a houseboat or mobile home. It may include vacant land if you're going to build on it, but the land must be capable of being occupied as a residence.

If you purchase vacant land to build a home on, it is the contract to construct your home that must be signed within 12 months to meet the FHSS requirements. In this situation you must not have purchased the vacant land before applying for a FHSS determination.

## How can I make eligible contributions?

You must make voluntary member contributions to your super.

Voluntary member contributions include both concessional and non-concessional contributions, however, they do not include mandated contributions such as Superannuation Guarantee (SG), Award or Employer Additional contributions. For the purpose of FHSS it only includes contributions made by you, thereby excluding contributions from the Government or from a spouse or other contributor.

### Voluntary contribution type

#### Concessional contributions

- salary sacrifice contributions
- personal contributions for which you claim a tax deduction. Please note, you must first lodge a notice of intent to claim a tax deduction with us, prior to requesting a FHSS determination from the ATO.

#### Non-concessional 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. Further information on these contributions and eligibility to contribute can be found in our fact sheet, [Opportunities and limits for super contributions](#) available at [ngssuper.com.au/PDS](http://ngssuper.com.au/PDS)

If you have an NGS *Accumulation account*, you do not need to notify us that these contributions are being made for the purpose of FHSS. Please note, voluntary contributions made to a defined benefit super fund are not eligible for release under the FHSS scheme.

## What is the maximum release amount?

The maximum amount that can be released under the FHSS scheme is the sum of your eligible contributions and deemed associated earnings. This amount includes:

- 100% of eligible non-concessional contributions
- 85% of eligible concessional contributions
- associated earnings<sup>1</sup> (calculated on the above contributions using a deemed rate of return).

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

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

The maximum release amount for individuals is \$30,000 in total across all years if eligible. Note, the order in which contributions are received into your NGS *Accumulation account* may affect your maximum release amount. 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](http://ato.gov.au)

<sup>1</sup> Associated earnings use a deemed rate of return based on the 90-day Bank Bill rate plus 3 percentage points.

## What tax applies

Contributions will be taxed depending on the type of contribution made to your NGS *Accumulation account*. The ATO will withhold the appropriate amount of tax on the FHSS amount paid to you.

Contribution type	Tax applicable when contribution is received	Tax payable on FHSS payment <sup>3</sup>
<b>Concessional contribution</b>	15% up to the cap <sup>2</sup>	Taxed at your individual marginal tax rate with a tax offset of 30%
<b>Non-concessional contribution</b>	Nil up to the cap <sup>3</sup>	Nil
<b>Earnings</b>	N/A	Taxed at your individual marginal tax rate with a tax offset of 30%

Further details can be found in the fact sheet, *Fees, costs and tax* available at [ngssuper.com.au/PDS](http://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.

## 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.

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

If you do not purchase a home within the 12 month time frame, you must recontribute the assessable FHSS amount, minus any tax that has been deducted, within the 12 month period (or 24 month period if an extension has been granted by the ATO).

You will not be able to access these funds again under the FHSS Scheme.

Any non-concessional contributions that have been released do not have to be recontributed.

If you keep the released amount, you will be subject to a FHSS tax. This is equal to 20% of your assessable FHSS released amount.

The FHSS tax is also payable if you fail to notify the ATO within the 12 month period that you have **not** satisfied the requirements of the scheme.

You will not be able to apply for another release of your super under the FHSS scheme.

## How do I apply for a FHSS payment?

To withdraw your super savings under the FHSS scheme you will need to:

- Apply to the Commissioner of Taxation for a FHSS determination and release. You can do this online via your myGov account.
- Once you receive your determination, you can then apply to the ATO for a release of your savings (this is the date from when you make a *request for release*).
- 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.
- The ATO 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<sup>4</sup>. You can ask the ATO to extend this to 24 months if required.
- You must move into the property as soon as practical 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 notify the ATO, a FHSS tax will be payable. The amount of this tax is equal to 20% of your assessable FHSS released amounts.

<sup>2</sup> The concessional contributions cap for the 2019/2020 financial year is \$25,000. Excess contributions above the cap will be included as taxable income and taxed at your marginal tax rate plus an excess charge. If you earn above the high income threshold (currently \$250,000) an additional 15% tax is applicable.

<sup>3</sup> The non-concessional contributions cap for the 2019/2020 financial year is \$100,000 per year or \$300,000 over a three-year period (age limits and superannuation balance limits apply).

<sup>4</sup> The ATO will withhold the appropriate amount of tax and offset against any outstanding Commonwealth debts. The ATO will then send the remaining balance to you.

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 to make a determination that you have suffered financial hardship (you can do this online via your myGov account); and
- you must 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; and
- being eligible for early release of superannuation.

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

## Important information when applying for a FHSS 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](https://ngssuper.com.au/contact-us) or call us on **1300 133 177** between 8.00am and 8.00pm (AEST or AEDT), Monday to Friday.

Phone number for callers outside Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address  
GPO Box 4303  
MELBOURNE VIC 3001

If you are thinking about making extra contributions and want advice, consider obtaining professional advice to understand how this works 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,
- through our Customer Relationship Managers who may be able to meet you face-to-face, or
- online via e-Advice which is located in the **'Tools'** section when you log in to **Member Online**.

Further, we offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at [ngssuper.com.au/financial-planning](https://ngssuper.com.au/financial-planning)

### Important information

This is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

[ngssuper.com.au](https://ngssuper.com.au)  
**1300 133 177**