FIRST HOME SUPER SAVER SCHEME

The first home buyer super scheme lets first home buyers make and then withdraw up to $30,000 of extra super contributions, plus interest, to help pay the deposit for a first home. This makes saving for your first home much easier!

HOW THE SCHEME WORKS

The first home super saving scheme lets people who have yet to buy their first home save extra money through super.

When a prospective first home buyer makes concessional contributions above the compulsory 9.5% that their employer must make for them, this amount can later be withdrawn from super and used towards purchasing a home. The extra contributions are taxed at 15% in the super fund, but they allow the person to avoid paying tax at their personal marginal tax rate. As long as their personal marginal tax rate is more than 15%, then the first home buyer can save more using super than they could not using super.

Non-concessional contributions can also be made into super and later withdrawn to put towards the first home.

While the money is in the fund, it generates earnings and a deemed portion of these earnings can also be withdrawn and used towards buying a home.

Once you have bought the home, you need to live in it for at least six of the first 12 months that you own it (or six of the first 12 months after it is finished if you are building a new home).

ARE THERE ANY LIMITS?

A person can only withdraw $30,000 from their super fund. A couple can withdraw $30,000 each. A person can only make $15,000 of extra contributions in any year. Concessional contributions count towards the annual $25,000 limit. Because of tax, this means that it will take at least three years for a person to obtain the maximum benefit under this scheme. The extra concessional contributions can be made via salary sacrifice or personal super contributions.

SHOULD I USE THIS SCHEME?

The details of the first home buyer super scheme can be complex, so it pays to ask an adviser for help when deciding whether to use this scheme. The adviser can help you decide if you qualify, calculate how much extra you can afford to contribute into super and make sure that the contribution is made correctly so that the money is there when you need it.

CAN A COUPLE USE THE SCHEME?

Yes they can. If both members of the couple are buying their first property, then they can each make and later withdraw up to $30,000 of additional super contributions. If one member of the couple has owned property before, then their partner can use it to claim his or her maximum withdrawal of $30,000.

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