First Home Super Saver (FHSS)

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

The Government introduced the First Home Super Saver (FHSS) Scheme so that members could save for a deposit sooner by taking advantage of the special tax treatment your super savings enjoy.

How it works

From 1 July 2018, the FHSS lets you take out the *extra* money that you have put into your super and use it as a deposit to purchase your first home.

However, you can only apply to withdraw a maximum of $15,000 of your eligible contributions from any one financial year under the scheme.

There is also a maximum amount of $30,000 of contributions that you can withdraw under the FHSS scheme across all years.

Eligible Super Contributions

Contributions for the FHSS Scheme can be made from either before or after tax money, such as voluntary salary sacrifice, deductible contributions, or personal after-tax contributions.

Although note that standard super contributions caps for both before-tax and after-tax still apply.

Am I eligible?

To be eligible for the FHSS scheme, you must:

- be at least 18 years old
- have never owned property in Australia
- have not previously withdrawn money from super under the FHSS scheme
- enter into a contract to purchase a residential property within 12 months of the release of your super under the FHSS scheme
- move into and live in the property for at least 6 of the first 12 months after you have moved in

What if I do not purchase a home?

The funds released from your NESS super account under the scheme needs to be used to purchase a **residential property** within 12 months of receiving the funds.

If you have not purchased a dwelling by this period, you will need to:

- apply for a 12-month extension to the ATO, **or**
- contribute the assessable released funds back into your super, **or**
- keep the funds but pay 20% tax on any before-tax contributions (and any associated earnings) paid to you.

How are released funds taxed?

Released eligible before-tax contributions and its associated earnings are taxed at your marginal tax rate less 30% tax offset!

The ATO will withhold tax on the released amount. However, in the case that the ATO are not able to determine your marginal tax rate, a flat rate of 17% will be withheld from your released funds.

Any released eligible after-tax contributions will be paid tax-free to you.

Other Considerations – Social Security

Although the before-tax component of a released amount will be included in your taxable income, it will not flow through to other Income Tests used for the calculations of HECS/HELP repayments, Family Tax Benefit payments, or Child Care Benefit

Is this scheme for me?

The First Home Super Saver Scheme can be a great and tax-effective way of saving for your first home. **However, it may not be for everyone!**

If you are unsure, we encourage members to seek professional financial advice. As a valued NESS member, you have access to free online general advice through our partner LINK Advice. There is no additional cost for our phone based advice as this service is included in your NESS membership.

Further information is also available in the Australian Taxation Office website https://www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/first-home-super-saver-scheme/

Get started and watch your voluntary contributions grow

To see how you can make extra contributions to your NESS Super account, visit us at nesssuper.com.au/making contributions or call our friendly team on **1800 022067** Monday to Friday 8.30am – 6.00pm (Sydney time).