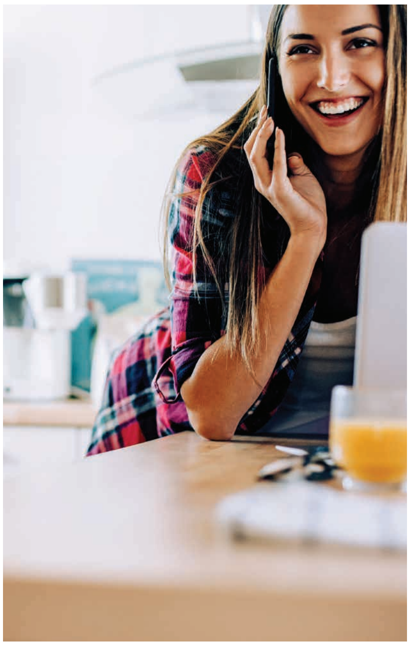
Super opportunity for first home buyers

The 'First home buyer super saver scheme' allows you to save for a deposit for your first home using your super account. The benefit of saving within your super is the concessional tax treatment of super which can help you save faster compared to a traditional savings account.

How does it work?

From 1 July 2017, you can make your own concessional and non-concessional contributions into your current super account to save for your first home. There is no need to open a special super account.

From 1 July 2018, you can apply to the ATO to release these contributions, along with the earnings on the contributions, to fund the purchase of your first home when you're ready.



Who is eligible?

To be eligible you must:

- be 18 or over at the time of applying for the release of your money from super
- have never owned property in Australia, including a home or investment property
- live or intend to live in the property for at least six months of the first 12 months after purchase
- not have withdrawn an amount under this scheme before.

Money that can be released from your super account includes:

- your non-concessional (after-tax) contributions
- your concessional contributions, such as salary sacrifice contributions and personal deductible contributions minus 15 per cent contribution tax
- the associated earnings on the above contributions.

Note: The non-concessional contributions must be released before concessional contributions. Also, super guarantee contributions, spouse contributions and government co-contributions cannot be released.

How much can you save?

The maximum amount you can contribute under the scheme is:

- up to $15,000 from any one financial year, and
- a maximum of $30,000 in total across all years.

This means a couple saving for a first home could contribute up to $60,000 together.

While the non-concessional contributions can be paid tax-free, all associated earnings plus any concessional contributions in a withdrawal will be taxed at your marginal tax rate. But, with a 30 per cent tax rebate from the government this considerably reduces your overall tax liability.

Benefits

This scheme can benefit you if you make salary sacrifice or personal deductible contributions by:

- reducing your tax liability
- helping you budget via 'forced savings', and
- taking advantage of the investment returns which are usually higher than a bank account.

For more information please contact us.

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