First Home Super Saver Scheme

Fact Sheet

The First Home Super Saver Scheme (FHSSS) allows you to save more money for your first home deposit in the low-tax environment of your super fund.

There are two main advantages to saving for your home within your super account:

- pay **less tax** on your contributions
- get **higher interest rates on your earnings** compared to bank accounts.

So you save more towards your first home faster!

Here's how it works:

1. Contribute

How much money can I move into my super account?

The maximum amount you can contribute to your super account under the FHSSS is **$15,000**[1] annually, and all contributions counted towards the scheme must be voluntary contributions. The maximum amount that can be withdrawn from your super account under the FHSSS is **$30,000**[2] plus the **associated earnings**. The contribution limits apply to individuals, so couples can receive twice the benefit with double the limits.

2. Withdraw

When and how can I withdraw my savings?

You can withdraw your savings (any voluntary contributions made after July 1, 2017) when you are ready to buy a home. Apply to the **Australian Taxation Office** (ATO) and they will confirm the maximum amount of contributions and associated earnings you can withdraw.

3. Buy your home

What happens once I receive my savings?

Once you have withdrawn the FHSSS funds from your super account, you must purchase or construct your home within 12 months. You can only apply to have the funds released once, so if you withdraw them and don't buy a property, then either the money must be paid back into your super fund (where it can't be touched until you retire), or you can keep it subject to paying back a flat-rate tax of 20%.

Savings example:

Compare the difference in savings in a bank account vs super fund (FHSSS).

	Bank account	Super fund
Annual salary	$65,000	$65,000
Pre-tax contributions to super fund	$0	$10,000
After-tax contributions to bank account (equivalent of $10,000 pre-tax)	$6,400[3]	$0
Savings after 3 years	$19,519[4]	$25,833[5]
Difference in savings	**$0**	**$6,314**

You are 30% better off[6] by saving in your super fund!

How can Advantage help?

To maximise your tax savings, you can make voluntary contributions via a salary packaging arrangement (pre-tax contributions) with Advantage. Once in the super fund, these contributions are taxed at a concessional rate of 15%, as opposed to your marginal tax rate (between 19% – 45%), subject to annual limits. It means that you are paying less tax and maximising your savings towards your first home!

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Am I eligible to participate in the FHSSS?

If you are over 18, haven't used the FHSSS before and haven't owed a property in Australia before, you are eligible to participate in the scheme (by making voluntary contributions to your super fund).

You can participate in the FHSSS if you meet all of the above criteria, even if you plan to purchase with a partner, who does not meet the criteria.

How can I make my contributions?

All contributions counted towards the scheme must be **voluntary contributions**.

Voluntary contributions are those made by you, which are in addition to the compolsury contributions your employer has to make (9.5% of your salary).

Voluntary contributions can be made from:

- your pre-tax income (concessional contributions), or
- your post-tax income (non-concessional contributions).

Voluntary contributions have annual limits and are taxed in your super fund in the following way:

	Pre-tax (concessional) contributions	Post-tax (non-concessional) contributions
Annual limit	$25,000 per financial year (including 9.5% employer compulsory contributions)	$100,000 per financial year
Tax in super fund	Only taxed at a concessional 15% tax rate in your super fund (as opposed to your marginal tax rate, i.e. 37%)	These contributions have already been taxed at your marginal tax rate (i.e. 37%), therefore they are not taxed again in your super fund
Tax on release/ withdraw	Release of your contributions are taxed at your marginal tax rate less 30% offset (i.e. 37% – 30% = only 7% tax)	

Making **pre-tax (concessional) contributions** will maximise your tax savings, thanks to the concessional tax treatment.

How do I sign up to the FHSSS?

Other than making additional voluntary contributions to your super fund, there is nothing you need to do to 'start' or 'join' the FHSS scheme. In fact, if you've made additional voluntary contributions since 1 July 2017, you're already 'in' the scheme.

Remember – you can also set up your pre-tax contributions with **Advantage** via a salary packaging arrangement to further increase and maximise your tax savings. Speak to us today to start **salary packaging** your additional super contributions.