



FIRST HOME SAVER ACCOUNTS

FACT SHEET - *ACCOUNT HOLDERS*

Overview

- First Home Saver Accounts (FHSAs) are the first of their kind in Australia and will provide a simple, tax effective way for Australians to save for their first home through a combination of Government contributions and low taxes.

Eligibility

- An individual can open an account if they:
 - are aged 18 or over and under 65;
 - have not previously purchased or built a first home in which to live;
 - do not have, or have not previously had, a First Home Saver Account; and
 - provide their tax file number to the provider.
- Penalties will apply if a person opens an account where they are not eligible to do so.

Contribution arrangements

- Contributions may be made by the account holder or another party, such as an employer, on behalf of the account holder. Contributions will be made from after-tax income.
- The Government will make additional contributions which will be paid directly into the account, after the individual has lodged their tax return and the provider has submitted the relevant information to the ATO.
- The Government will contribute 17 per cent on the first \$5,000 (indexed) of individual contributions made each year.
 - This means an individual contributing \$5,000 will receive a Government contribution of \$850.
- No minimum annual deposit is needed to keep the account open. The account can remain open for as long as necessary or until the account holder turns 65, at which time it must be closed.

Level of tax on accounts

- Contributions will not be subject to tax when contributed to an account.
- Investment earnings (or interest) will be taxed at a rate of 15 per cent.
- Withdrawals will be tax free.
- FHSA balances will be exempt from the income and assets test.

Account balance limit

- There will be a limit of \$75,000 (indexed) on the overall account balance.
 - If an individual reaches the account balance cap, no further individual contributions will be able to be made. Earnings and any outstanding Government contributions will still be able to be credited to the account after this time.
- Contributions that exceed the limit will be returned to the account holder.

Four-year savings horizon

- To withdraw their funds, minimum contributions of \$1,000 need to be made over the course of at least four separate financial years.
- If an account holder is purchasing a property with another individual(s) who also holds an account, only one account holder needs to meet the four-year requirement. If one person meets this, then the other individual(s) can also withdraw their funds.

Withdrawals for a first home purchase

- Individuals will be able to withdraw their account balance tax free to buy or build a first home in which to live. The full amount will need to be withdrawn and the account closed.
 - The individual will need to live in the home for at least 6 months within the first 12 months of purchase or completion of construction.
- Individuals can close their account and contribute the full amount to superannuation at any time.
- Penalties will apply to individuals where they fail to meet the withdrawal or occupancy criteria.

Other circumstances

- Where an individual's circumstances change during the life of the account so that they no longer wish to purchase a first home, they will not be able to access the account but can transfer the balance into superannuation and close the account. Penalties will apply if funds are withdrawn and not used to purchase a first home in which to live.
- If an individual moves overseas, they can continue to make contributions into the account, but will not receive any Government contributions.
- Individuals will be able to access their funds tax free once they reach age 60, consistent with superannuation.

Early release provisions

- By transferring the account balance into superannuation, individuals may apply to access the superannuation early release provisions of severe financial hardship, compassionate grounds or terminal illness.

Account providers

- Public-offer superannuation providers, life insurers, friendly societies, banks, building societies and credit unions will be able to offer the accounts.
- Banks, building societies and credit unions will be able to offer deposit accounts and superannuation providers, life insurers and friendly societies will be able to offer investment-linked accounts.

Further detail can be found in: First Home Saver Accounts - Fact Sheet - Account Providers.