Antipodean Advisory

*We're proud when we say that most of our clients have come to us by way of referral from our existing happy, satisfied clients.*

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# Could your home deposit be helped by your super?

It's no secret that saving for a house is tough. Raising the money for a deposit can seem to take forever, even if you're consistent with your savings plan. Want some good news? There's a new way to save, and it's called the Government's new First Home Super Saver Scheme (FHSSS).
It may not be the snappiest acronym, but the FHSSS can help you save for a home deposit through your super. To help you get your head around the FHSSS, and how to make it work for you, we've put together some handy info below.

**What is the FHSSS?**
The FHSSS is a scheme created by the Australian Government to help first home buyers save for a home deposit. Through this scheme, you can make voluntary super contributions (up to the annual contribution limits), and withdraw them from your super account later to buy your first home.

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**How do contributions work?**

You don't need to tell your super fund that you're contributing to the FHSSS – all voluntary contributions you make on, or after, 1 July 2017 count towards the scheme (that's anything you deposit into your super on top of the compulsory contributions your employer makes and normal super contribution caps still apply). Just note that contributions to a defined benefit fund or constitutionally protected fund are not eligible.

**What happens when you're ready to buy?**

Once you're ready to buy, you apply to the Australian Taxation Office (ATO) to withdraw the amount to put towards your home loan. You can withdraw up to a maximum of $15,000 from any one financial year and $30,000 in total across all years of the eligible contributions you make – this includes a deemed earnings rate on your contributions calculated by the ATO (rather than the actual earnings). The ATO will let you know the maximum amount that can be released, the associated earnings and the tax that will be withheld. You can only request one release from the ATO.

**Then it's time to enter the property market**

You have 12 months to sign the contract to purchase or build a home after you make your FHSSS withdraw, and you'll need to occupy it for at least six months of the first year after the purchase (after it is practicable to move). If not, you might have to apply for an extension from the ATO, recontribute the amount withdrawn back to your super or you may be liable for further tax.

**Why is it worth doing?**

On the surface, the FHSSS might sound a lot like a glorified savings account – and in a way, it kind of is. The main benefit, though, is that you might end up saving money faster by paying less tax on the money contributed to your super versus a regular savings account.

That's because super contributions, like salary sacrifice and personal deductible contributions, are taxed at the fund's rate of 15%, rather than at your marginal tax rate. Not only that, the contributions you make could achieve earnings through the investments your super fund offers.

**Who can tap into the FHSSS?**

There are a few boxes you have to tick, such as being 18 years+ and never having owned property in Australia. There are also some rules around the type of property you can buy through the FHSSS (it can't be a houseboat, motor home or vacant block). You can also only use the benefit once. Ultimately, it's up to the ATO to decide what you can withdraw and when. To find out more visit the ATO website (www.ato.gov.au) or contact us.

Source: ING