

# Using your super to buy your first home

The Australian Government's First Home Super Saver (FHSS) scheme helps Australians save for their first home.

## How it works

To use the FHSS scheme, you need to make voluntary super contributions to your account. These voluntary contributions can be made before tax or after tax, depending on the approach that works best for you. When you're ready to purchase your first home, you can apply to release up to \$15,000 of your voluntary super contributions from each financial year, up to a lifetime limit of \$50,000 from all financial years starting 1 July 2022. Eligible contributions made from 1 July 2017 can count towards the total amount released. You will also receive the deemed earnings relating to those contributions and not the actual earnings.

Find out more at [ato.gov.au](https://ato.gov.au)

## Key benefits

Saving for your first home through your super account means you'll have more investment options, offering the potential for better returns. You could also benefit from tax savings when you make before-tax super contributions.

## Eligibility

To be eligible for the FHSS scheme you:

- must be aged 18 years or older
- have never owned a property before in Australia<sup>1</sup>
- you have not previously made an FHSS release request
- intend to live in the property you are buying as soon as practical for at least six of the first 12 months you own it
- have not requested a release of FHSS funds for a home purchase previously.

If you've previously owned property in Australia, and experienced financial hardship that resulted in a loss of ownership of a property, you may still be eligible to participate in the FHSS scheme, subject to approval from the ATO.

You can apply for a 'determination' to the ATO to find out the maximum amount that can be released under the FHSS. A determination can be applied for multiple times.

## Making the most of your super account to save for your first home

- Using your super account is an alternative way to help save for your first home compared to an everyday bank account.
- Money that you save under the FHSS scheme can only be released for your first home in Australia.
- If you change your mind about buying your first home, the amount you've saved will remain in your super account and go towards growing your retirement savings.
- Making a before-tax contribution like salary sacrifice attracts the superannuation contribution tax rate of 15%. If your adjusted taxable income (including your before-tax contributions) is more than \$250,000 per year, your before-tax contributions will be taxed at 30%, to that extent.

## New changes

From 15 September 2024, new changes will come into effect for the First Home Super Saver scheme.

The changes will improve the experience for first home buyers accessing the scheme and will allow greater flexibility by:

- increasing the discretion of the Commissioner of Taxation to amend and revoke FHSS scheme requests
- allowing individuals to withdraw or amend their requests prior to them receiving a FHSS scheme amount, and allowing those who withdraw their request to re-apply for FHSS scheme releases in the future
- confirming the Commissioner can return the released FHSS scheme amounts to super funds, provided that the money has not yet been released to the individual, and
- clarifying that the money returned to super funds is treated as funds' non-assessable non-exempt income and does not count towards the individual's contribution caps<sup>2</sup>.

<sup>1</sup> Includes an investment property, vacant land, commercial property, a lease of land in Australia, or a company title interest in land in Australia.

<sup>2</sup> Source: ATO First Home Super Saver Scheme – technical changes, October 2023.

## How to withdraw your contributions to buy a house

When you're ready to buy your first home, you can only apply to release your savings with the ATO once, for any amount up to the maximum – so it's important to get this right the first time you apply.

The ATO will calculate earnings on your contributions, apply any tax and relevant tax offsets. You will also receive the deemed earnings relating to those contributions and not the actual earnings.

You must apply for and receive a FHSS determination from the ATO before signing a contract for your first home or applying for the release of your FHSS amounts. You can sign a contract to purchase or construct your home:

- from the date you make a valid request to release your FHSS amounts, or
- if you've already received an FHSS determination, 14 days before making a valid request to release your FHSS<sup>1</sup>.

The home must be for residential purposes, located in Australia and excludes:

- houseboats
- motor homes
- vacant land.

Additionally, you must:

- live in the home you are buying, or intend to move in after purchase, and
- intend to live in the property for at least six months within the first 12 months you own it.

## If you need more time

You have 12 months from the date you make a valid release request to the ATO to sign a contract to purchase or construct your home. Otherwise, you:

- may be granted a 12 month extension from the ATO
- can re-contribute the amount to your super account which must be an after-tax (non-concessional) contribution and be at least equal to your assessable FHSS released amount, less any tax withheld and boost your super balance
- can keep the released funds, but be subject to FHSS tax of 20% on the assessable FHSS released amount as applied by the ATO.

You must notify the ATO within 28 days of signing a contract to purchase or construct your home. Other conditions apply. Find out more at [ato.gov.au](https://ato.gov.au)

### How to contribute

Here are some ways you can add to your super:

**Before-tax contribution<sup>2</sup>** – includes salary sacrifice contributions and any personal after-tax contributions you claim a tax deduction for<sup>3</sup>.

**After-tax contribution<sup>2</sup>** – includes any extra additional contributions you make from your take-home pay, for which you don't advise us you wish to claim a tax deduction.

Visit [australiansuper.com/GrowYourSuper](https://australiansuper.com/GrowYourSuper) to find out how to make a before or after-tax contribution.

<sup>1</sup> Source: ATO First Home Super Saver Scheme – technical changes, October 2023.

<sup>2</sup> Depending on your income and personal circumstances, you may be better off contributing before or after tax, or using a combination of both. The Government places limits on the amount that can be contributed to super and you should consider your debt levels before making additional contributions. To learn more, visit [australiansuper.com/RefTax](https://australiansuper.com/RefTax)

<sup>3</sup> Superannuation Guarantee contributions made by your employer cannot be released under the FHSS scheme. Employer contributions are included in the before-tax (concessional) contributions cap, so it's important to consider these amounts when making before-tax personal contributions.

### Make sure FHSS is right for you

For more information on eligibility and how to release funds, visit [ato.gov.au](https://ato.gov.au). You can also speak with an AustralianSuper financial advisor, visit [australiansuper.com/advice](https://australiansuper.com/advice) to find the advice option that's right for you. Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Fees may apply.



## Contact us

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