Australian Government

KEY FACT SHEET

First Home Super Saver Scheme

The First Home Super Saver Scheme (FHSSS) helps Australians boost their savings for a first home by allowing them to build a deposit inside superannuation, giving them a tax cut.

The FHSSS applies to voluntary superannuation contributions made from 1 July 2017. These contributions, along with deemed earnings, can be withdrawn for a home deposit.

For most people, the FHSSS could boost the savings of a first home buyer by around 30 per cent compared with saving through a standard savings account.

Am I eligible to use the FHSSS?

You can release funds under the FHSSS if you are 18 or over, have not used the FHSSS before, and have never owned real property in Australia, unless you suffered a financial hardship that caused you to lose your previously owned property. You will be eligible if you meet all eligibility criteria, even if you plan to purchase with a partner who does not meet the criteria.

How much can I contribute?

You can contribute up to $15,000 a year, and $30,000 in total, under the FHSSS. These contributions must be within existing contribution caps (e.g. the $27,500 per year concessional contributions cap). As announced in the 2021–22 Budget, the total cap on the FHSSS contributions that can be released is to increase from $30,000 to $50,000 from 1 July 2022. This change requires the passage of legislation. It is included in the Treasury Laws Amendment (Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest) Bill 2021 that was introduced into Parliament on 27 October 2021.

How do I make my contributions?

Any voluntary contribution you make into your superannuation account can count towards your FHSSS balance. You may speak to your employer to set up a salary sacrifice arrangement, or you may make a personal contribution directly to your fund.

Will my contributions be taxed?

Concessional contributions (e.g. salary-sacrificed) are taxed at 15 per cent in the fund, as usual. Any after-tax contributions are not taxed.

How will my contributions grow?

You will be able to withdraw a deemed rate of earnings on top of your contributions. This deemed rate is set to the 'Shortfall Interest Charge', which was around 3.1 per cent last financial year, around 4.1 per cent a year earlier, and around 5.0 per cent in 2018-19 (prior to the COVID-19 pandemic). This deemed earnings rate is higher than typical deposit rates on offer from financial institutions.

When can I withdraw my savings?

You can withdraw your savings when you are ready to enter the housing market. You do not need to have found your home yet, but you will need sign a contract to buy a home within 24 months of making your release request. This timeframe includes a 12-month time extension being granted by the ATO.

How will my savings be released?

The ATO will be able to tell you the maximum amount you can release under the FHSSS. You must request this information from the ATO before signing a contract for your home. You can then apply to them to release when you're ready. Withdrawals are generally taxed at your marginal tax rate less a 30 per cent offset. The ATO will arrange for money to be released from your super and will pay it on to you. They will withhold an estimate of the tax owed on the withdrawal amount. Visit ato.gov.au for more details.

What kind of home could I buy?

You must buy a 'residential premises' after withdrawing your savings, but not any premises that can't be occupied as a residence, and not commercial property, houseboats or motor homes. It has to become your home, not an investment property; you would have to occupy the premises for at least 6 months in the year after purchase (or construction).

What if I don't end up buying a home?

If you don't sign a contract to buy a home, you may either recontribute the released amount back into superannuation within the 24-month time limit, or pay a tax equal to 20 per cent of the concessional amount released. This removes the tax benefit you received from using the FHSSS.