



THE SAVINGS ACCOUNT WITH A BIG DIFFERENCE

With interest rates on the rise and housing prices making a recovery, many people are now looking at the opportunity of buying their first home. However, it is still important to remember that once you own a home, you own the associated mortgage and if you don't already have a "saving habit", this is not the best way to start one. For this reason, the first home saver accounts, which were introduced in October 2008, are the perfect launching pad for buying your home with as much of your own money as possible.

The accounts operate in a similar way to superannuation funds with concessional tax treatment and the potential for government co-contributions. Each bank, building society and credit union may charge fees and credit interest in different ways.

Features	Rules
Availability	Individual first home buyer aged 18 to 64 years A couple can each have an account
Contributions	No limits but can only be made from after-tax income
Co-contributions	17% of your contributions (up to \$850 a year) You must lodge a tax return to trigger the co-contribution payment
Tax	No tax on contributions and 15% tax on interest earned
Investments	Invested in cash based deposit accounts currently earning between 3.0% and 3.75% pa or market linked investment accounts
Maximum	Once account reaches \$75,000 no personal contributions will be allowed
When you can access the account	After you have contributed \$1,000 over 4 separate financial years Proceeds used to buy a first home Must live in the home for at least 6 months
Access for other reasons	Not generally allowed but can be rolled over into superannuation Can access at age 60 Must be cashed out at age 65

The accounts will provide a focus for those saving for a home with the bonus of 'free money' from the government. Individuals earning over \$35,000 a year and in a tax bracket higher than 15% will probably find these accounts most attractive.

Helping you build yours.

