

More than \$5 million in super released for first home buyers

by Joanna Mather

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Property



Under the First Home Super Saver Scheme, individuals (who've never owned a home) are accessing a portion of their super savings to do so.

First home buyers have withdrawn more than \$5 million from superannuation funds' across the board under a federal government scheme designed to make housing more affordable.

Townsend's Business and Corporate Lawyers special counsel Michael Hallinan said he was surprised there had been such significant uptake in the scheme's first few months of operation.

This was because there seemed to have been too little time to accumulate sufficient eligible contributions to make accessing the scheme – which can only be done once – worthwhile.

The [First Home Super Saver scheme](#) has been up and running since July 1 this year.

Under the scheme, individuals who have never owned a home can access a portion of their super savings to buy a home (if they meet [eligibility criteria](#)).

The scheme works by allowing people to make voluntary additional contributions to super and subsequently withdraw those contributions.

Because super is taxed at the comparatively low rate of 15%, savings accumulate more quickly.

Withdrawals are capped at \$15,000 per year and a total of \$30,000.

Any earnings on the money while it was in super can also be withdrawn. Earnings are not capped.

To access the scheme, would-be homebuyers first need to approach the Australian Tax Office (ATO) for a "determination" of how much money is available for release.

Between July 1 and August 6 of this year, taxpayers made 1,449 such requests, according to Mr Hallinan.

The next step is to request a "release authority".

Of the 1,449 determinations, 592 individuals applied for a release and the ATO authorised 498 requests for the release of \$5.3 million, Mr Hallinan said.

"This level of uptake of in the first few months of operation is surprising for a couple of reasons," he said.

"First, there would seem to have been too little time for a material amount of eligible contributions to have been made, and only one year's worth of earnings accrued," he said.

"The second is that the scheme operates on a once-only access basis.

"While an individual can make any number of requests for a determination, they can only make one request for a release authority.

"If the authority is issued then the individual can no longer request another release authority even if they continue to make voluntary super contributions or did not use the released amount."

The scheme was one of several housing affordability measures announced in the 2017 federal budget.

"For most people, the First Home Super Saver scheme could boost the savings they can put towards a deposit by at least 30% compared with saving through a standard deposit account," the budget papers said.

"This is due to the concessional tax treatment and the higher rate of earnings often realised within superannuation."

[1 Superannuation regulatory update in a changing landscape – speech by Deputy Commissioner James O'Halloran.](#)

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