

Teachers Credit Union

First Home Saver Account Product Disclosure Statement

22nd December 2011



Teachers Credit Union First Home Saver Account

- The First Home Saver Account has been developed by the Government to make it easier to save for your first home.
- This account receives Government contributions and earns interest which is taxed at a low rate.
- This account restricts when you can take your money out and for what purpose.

Find out if the Teachers Credit Union First Home Saver Account is right for you.

1. Who can have a First Home Saver Account
2. How the First Home Saver Account works
3. How the Government helps you save
4. How Teachers Credit Union helps you save
5. What happens if your situation changes
6. Using your savings for your first home
7. The fees
8. How to open an account
9. Things You Should Know

1. Who can have a First Home Saver Account

You should consider opening a First Home Saver Account if you:

- Only want to use your savings to buy or build your first home in Australia to live in ('buy your first home'), **and**
- Are able to save at least \$1,000 a year (\$20 a week) in 4 separate financial years - they do not need to be in a row. *A financial year is from July 1 to June 30.*

To open an account, you must

- Be aged 18 or over and under 65
- Have a tax file number
- Have never owned a home in Australia that you have lived in, **and**
- Have never opened a First Home Saver Account before.

You can open another First Home Saver Account if you are transferring your savings from one First Home Saver Account to another - see section 8.

If you are saving with others

- Each person must open their own individual First Home Saver Accounts - each of you can then receive the benefits of having a First Home Saver Account

You cannot open a joint account with someone else.

If you are unsure about your eligibility go to www.ato.gov.au

2. How the First Home Saver Account works

How you can use the savings in a First Home Saver Account

You can *only* withdraw your savings for four purposes:

1. To buy your first home

2. As money you can add into your super
3. As money you can withdraw as a lump sum if you are aged 60 or over.
4. As money you can pay into a genuine mortgage.

How to save with a First Home Saver Account

- You put money into your account the same way you would make deposits into a normal credit union account. You can do this at any time, and for as long as you need to save.
- You cannot salary sacrifice into your account.
- You do not need to put money in every year - but your account will only get Government contributions when you do.
- Once the total amount in your account reaches \$85,000 - including Government contributions and income from investment earnings - you cannot put any more money into your account.
- You can keep your account open until:
 - i) you buy your first home; **or**
 - ii) you are eligible to pay the money into a genuine mortgage; **or**
 - iii) you turn 65.

When you turn 65 you must close your account and withdraw all your savings, or move it into super.

3. How the Government helps you save

The Government boosts your savings with contributions and a low rate of tax on the income your investment earns.

When you put money into your account the Government puts money in too

- When you put a dollar into your account, the Government will contribute 17 cents.

- Any money you put in up to a total of \$5,500 in a financial year will get this Government contribution - anything over this amount will not.

For example, if you put \$5,500 into your account in one financial year, the Government will contribute \$935 to your savings.

- If you are saving with other people that have their own First Home Saver Accounts, each person will receive Government contributions on the money they put into their account.
- Government contributions are paid directly into your First Home Saver Account after you have lodged your tax return and Teachers Credit Union has told the Tax Office how much you have put in.

You are not taxed

- On the money you put into your account
- On the Government contributions, **or**
- When you withdraw your savings for your first home.

There is a low rate of tax on the interest your savings earn

Earnings on First Home Saver Accounts are taxed at 15% but this is paid to the Tax Office by the account provider.

The 15% tax will be deducted from your interest earnings and paid by us to the ATO on your behalf. (This means you don't have to declare the interest earned on the FHSA in your tax return as tax is already paid.)

4. How Teachers Credit Union helps you save

Your savings earn high interest

- The savings in your Teachers Credit Union First Home Saver Account earn a high variable interest rate, helping you to get your first home quicker. See

TeachersCreditUnion.com.au/rates for our current interest rate.

Your savings will not go down

- Teachers Credit Union First Home Saver Account is a credit union account - so what you put in, stays in. And, we don't charge any day-to-day fees which can also reduce your savings.

An example of how savings can grow

If you save \$100 a week for 4 years, your savings could grow to around \$28,000, after Government contributions and interest.

This is a general example based on an account earning 5% interest (after tax and any fees) and may be different from the actual interest the Teachers Credit Union pays.

To find out how much you need to save use the first home saver calculator at www.moneysmart.gov.au

5. What happens if your situation changes

You should consider the following situations before choosing this account.

You decide not to buy a first home

If this happens you can choose to

- Move your savings into super, **or**
- Withdraw your savings as a lump sum if you are aged 60 or over.

You want to buy your first home before you have put \$1,000 into your account in 4 separate financial years (they do not need to be in a row)

- You *cannot* use the savings in your account if you are buying your first home on your own.
- You *can* use the savings in your account if you are buying your home with someone else who has put \$1,000 into their account in 4 separate financial years (*see section 6*).

You have bought your first home but you haven't put \$1,000 into your account in 4 separate financial years (they do not have to be in a row).

If this happens, you cannot make further contributions and you may choose to:

- Use the savings in your account to pay towards a genuine mortgage over your first home after you are deemed to have put \$1,000 into your account in 4 separate financial years (see "Withdrawing your savings" under section 6 for further details). To do so, you must notify us within 30 days of acquiring your first home,
- Move your savings into super, **or**
- Withdraw your savings as a lump sum if you are aged 60 or over.

You don't have any money to put into your account

You do not need to put money into your account every year. You can choose to

- Start saving again when you can
- Move your savings into super, **or**
- Withdraw your savings as a lump sum if you are aged 60 or over.

You haven't put \$1,000 a year into your account in 4 separate financial years (they do not need to be in a row) and you want to close your account

You can choose to

- Move your savings into super, **or**
- Withdraw your savings if you are aged 60 or over.

You move overseas

You can keep your account open, and continue to put money into your account - but, you won't receive any Government contributions if you are overseas for an entire financial year.

You start living in a home you own*

If you start living in a home that you own,

you will no longer be eligible to have an account. You must tell Teachers Credit Union and close your account within 30 days, or penalties from the Tax Office will apply.

When you close your account you can either:

- Move your savings into super, **or**
- Withdraw your savings as a lump sum if you are aged 60 or over.

* This section does not apply where you have bought your first home but haven't put \$1,000 into your account in 4 separate financial years and intend to use your savings in your account to pay towards a genuine mortgage.

You experience hardship

After moving your savings into super you may apply to access your super under the early release provisions. These include severe financial hardship, terminal illness or on specified compassionate grounds.

6. Using your savings for your first home

Withdrawing your savings

- You can withdraw your savings to buy your first home after you have put at least \$1,000 a year into your account in 4 separate financial years (they do not need to be in a row).
- If you are buying your first home with other people that have First Home Saver Accounts you can withdraw the savings from each account if just one of you has put \$1,000 into your account in 4 separate financial years.
- You can withdraw your savings to pay towards a genuine mortgage over your first home after you are deemed to have put \$1,000 into your account in 4 separate financial years (they do not need to be in a row). Once you have bought your first home, you may not deposit any further money into your account, however each subsequent

financial year, including the financial year of purchase, count towards the four year requirement (even though you haven't put \$1,000 into your account in that year).

When you're ready to use your savings for your first home

1. Apply to Teachers Credit Union to withdraw all the money from your First Home Saver Account
To check that you meet the withdrawal rules go to www.ato.gov.au
2. Close your First Home Saver Account
Generally, you will not be able to open another First Home Saver Account.

You must live in your first home for at least 6 months

- Within 12 months of settlement, **or**
- On completion of building construction.

7. The fees

We do not charge any account keeping fees on your First Home Saver Account.

There are no ongoing account keeping fees that apply to this account.

However we may apply fees to transactions such as dishonoured cheques, withdrawal by credit union cheque or external EFT transfer. Please refer to our Fees and charges brochure for details of fees that may apply.

8. How to open an account

To open an account

- Fill out the application form.
- Make an initial deposit into your account.

You cannot open a joint account with someone else.

If you change your mind

We provide a cooling-off period that lets

you close your First Home Saver Account within 14 days, with a refund of your deposit.

- You will need to tell us in writing, by email or mail, within 14 days of opening the account.
- We will refund your deposit, minus any taxes we have paid, and any administration costs.

You can transfer your savings to another First Home Saver Account provider

If you do, we will transfer the savings in your account to your provider, minus any costs.

You must close your old account as soon as your savings have been transferred.

9. Things you should know

First Home Owner Account enquiries

Information about how First Home Saver Accounts work, eligibility, fees and taxes, and links to savings calculators and other useful online tools.

Visit www.ato.gov.au

Complaints

If you have a complaint call the number below, or write to us. If you are not satisfied with our complaint resolution process, you can take the case to the Financial Ombudsman Service (FOS).

Call 1300 780 808

Visit www.bfso.org.au

Financial Claims Scheme

Depositors with the Credit Union may be entitled to receive a payment from the Financial Claims Scheme, subject to a limit per depositor.

For further information about the Financial Claim Scheme:

- Visit the APRA website at www.apra.gov.au
- Phone the APRA hotline at 1300 13 10 60

Contact us



13 12 21 8am to 7pm, weekdays
or 9am to 3pm, Saturday



TeachersCreditUnion.com.au



Phone banking:
13 21 40, 24 hours a day, 7 days a week



enquiry@TeachersCreditUnion.com.au



Visit us at our offices, 9am to 5pm, weekdays

About us

This Product Disclosure Statement is issued by: Teachers Credit Union Limited. Head Office: 28-38 Powell Street Homebush NSW 2140
ABN 30 087 650 459 AFSL No 238981

Teachers Credit Union Limited ABN 30 087 650 459 AFSL No 238981 W: TeachersCreditUnion.com.au T: 13 12 21

Printed on 50% recycled paper