

Defcredit First Home Saver Account

Product Disclosure Statement

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Defcredit
Service banking

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The First Home Savers Account is a Government initiative to make it easier for you to save for your first home. As you can benefit from government contributions and earn interest taxed at a low rate, the account restricts when you can take your money out and for what purpose.

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 four 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.

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 three purposes:

- to buy your first home
- as money you can add into your super
- as money you can withdraw as a lump sum if you are aged 60 or over.

How to save with a First Home Saver Account

- You put money into your account the same way as you would make deposits into a normal bank 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 \$75,000 – including Government contributions and income from investment earnings – you cannot put any more money into your account.
- You can keep your account open until you buy your first home, or turn 65.

When you turn 65 you must close your account and withdraw all of 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 \$5,000 in a financial year, will get this Government contribution – anything over this amount will not.

For example, if you put \$5,000 into your account in one financial year, the Government will contribute \$850 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 Defcredit has told the Tax Office how much you have put in.

You are not taxed:

- on the money you put into your account, or
- 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 Defcredit.

4. How Defcredit helps you save

Your savings earn high interest

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

See defcredit.com.au, call 1800 033 139 or drop in to your local Defcredit branch for our current interest rate.

Your savings will not go down

The Defcredit First Home Saver Account is a bank 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 your savings can grow

If you save \$100 a week for four years, your savings could grow to around \$27,000, 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 Defcredit pays.

To find out how much you need to save use the calculator at www.fido.gov.au/firsthomesaver.

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 four 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 four separate financial years (see section six).

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 four 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 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 Defcredit and close your account within 30 days, or penalties 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.

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, permanent disability or on specified compassionate grounds.

6. Using your savings for your first home

Withdrawing your savings

- You can only withdraw your savings to buy your first home after you have put at least \$1,000 a year into your account in four 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 four separate financial years.

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

1. Apply to Defcredit to withdraw all of 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 six months

- within 12 months of settlement, or
- on completion of building construction.

7. The fees

We do not charge you any day-to-day fees on your account.

There are no general fees that apply to these types of account. However, we will deduct a transfer fee of \$30 from your account if you move your savings into super.

For a list of other fees that apply to special situations and transactions (eg over-the-counter deposits) log on to defcredit.com.au

8. How to open an account

To open an account

1. Fill out the application form.
2. 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 new provider, minus any costs.

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

9. Where to go for more information

Defcredit enquiries

call 1800 033 139

visit defcredit.com.au

mail PO Box 14537 Melbourne VIC 8001

First Home Saver Account enquiries

For more 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

Our complaints and disputes resolution process

If you have a complaint about any of our products or services, Defcredit has established complaints resolution procedures that aim to deal with and resolve your complaint promptly thoroughly and fairly.

To make a complaint:

- call Defcredit on 1800 033 139,
- talk to staff at your local Defcredit branch
- email info@defcredit.com.au or
- send a letter to Defcredit's Complaints Officer by mail at: PO Box 14537 Melbourne VIC 8001

For more information about Defcredit's complaints resolution procedures, please refer to the 'Complaints and Disputes Resolution Guide' which is available at any Defcredit branch or visiting defcredit.com.au.

If you are not satisfied with the steps taken by Defcredit to resolve the complaint or with the

result of Defcredit's investigation you are entitled to have your complaint resolved free of charge by Credit Ombudsman Service Limited (COSL), an external dispute resolution body of which Defcredit is a member. COSL may be contacted as follows:

Credit Ombudsman Service Limited
PO Box A252
Sydney South NSW 1235

Phone: 1800 138 422 or 02 9273 8400
Fax: 02 9261 2798
Email: info@creditombudsman.com.au
Website: www.creditombudsman.com.au

This Product Disclosure Statement is issued by:

Defence Force Credit Union Limited

ABN 57 087 651 385 AFSL 234582

Head Office: Level 2, 99 King Street
Melbourne VIC 3000

Tel 03 8624 5888 Fax 03 8624 5892

Contact Centre 1800 033 139

Online Banking defcredit.com.au

Telephone Banking 1300 366 808

BSB 803-205

