

First home withdrawal

Buy your first home with KiwiSaver

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KiwiSaver is a great way to help you save to buy your first home.

This article looks at the KiwiSaver rules for taking money out of your KiwiSaver Account, to help you buy your first home (known as a **first home withdrawal**). Mostly, this will be to help buy your first home but in some cases, it is also available to people who have previously owned a house.

If you are eligible for the first home withdrawal, you may also be eligible for the HomeStart Grant (previously known as KiwiSaver first home subsidy). The HomeStart Grant is administered by Housing New Zealand, outside KiwiSaver. See the separate article on the HomeStart Grant.

First home withdrawal

The first home withdrawal option under KiwiSaver lets you take money from your KiwiSaver Account to help you purchase your first home in New Zealand. You apply to the manager of your KiwiSaver scheme.

Available after 3 years

You can request a first home withdrawal at any time three years after you first joined KiwiSaver or a complying superannuation fund. If you were auto-enrolled in KiwiSaver and did not make a specific decision to join a KiwiSaver scheme, the start of the 3 year period applies from the 15th of the month your employer first deducted money from your pay for KiwiSaver.

Note that the test is a three year membership test. It is not a three years' saving test. However, the more you save and the longer you have saved, the more you will likely have to take out.

Take out everything but \$1,000

If you are eligible, you must leave \$1,000 in your KiwiSaver Account and you can withdraw the balance (your savings, your employers' savings in respect of you, the annual member tax credits and the investment earnings on the total savings). If you do not withdraw the maximum amount available, you first withdraw your contributions, then the employer contributions, followed by your member tax credits.

Because the amount you can withdraw includes the government paid member tax credit (MTCs), you must confirm the periods of your KiwiSaver membership where you resident

The legal stuff

This is not an investment statement for the purpose of the Securities Act 1978. An investment statement is available from SuperLife free of charge. Before making a decision to join KiwiSaver, you should consider whether you need to seek financial advice. If you wish to have personalised financial advice, you should talk to an appropriately experienced Authorised Financial Adviser.

out of New Zealand. If you received an MTC during these periods, that MTC must be repaid to the government.

You are not allowed to take out any transfer value from your Australian superannuation scheme, but you can withdraw the investment earnings on it.

First home and second chance

The first home withdrawal option is to help buy your very first home or property. It must be in New Zealand. Therefore you can't normally have owned a property by yourself or with someone else. However, if you have previously owned a home, but no longer have a share in a property, you may be eligible if you have not made a first home withdrawal from KiwiSaver before and you are in a similar position to a first home buyer in terms of your assets, income and liabilities. If this applies to you, you need to contact Housing New Zealand to get a certificate from it that you are in a similar financial position to a first home buyer. It is also referred to as a "second chance".

Where you will live

The first home withdrawal must be for a property which is, or intended to be, your "principal place of residence". You cannot use the first home withdrawal option to purchase an investment property (unless you will also live in it), or a holiday home. You do not need to be the sole buyer. You can be one of the buyers or owners for the property which you intend to be your principal place of residence.

Paid to the seller through your solicitor

The withdrawal benefit is paid to your solicitor who will pay it to the seller. Your solicitor will be required to provide:

- a copy of the agreement for the sale and purchase of the property, showing you as a purchaser;
- an undertaking that the agreement is unconditional at the time the manager makes the request or, if the agreement is conditional, an undertaking that:
 - i. payment of any amount of the withdrawal will be held by a stakeholder; and
 - ii. the stakeholder is obliged to hold the amount while the agreement is conditional.
- an undertaking that the funds will be paid to the seller as part of the purchase price (from 1 June 2015 it can be for payment of the initial deposit) or, if the settlement is not completed by the due date (or any extended date) will be repaid to your KiwiSaver Account.

For a withdrawal for the purchase of an interest in a dwelling house on Maori land, evidence of your right to occupy the Maori land is required.

First home withdrawal statement

If you would like a statement that sets out details of how much you can take out to help with the purchase of your first home, contact us. Your bank may require this as part of the pre-approval of a mortgage and it may help you plan the finances for your purchase.

Request a first home withdrawal

To make a first home withdrawal, complete and sign the First Home Withdrawal form and give it to your solicitor. Your solicitor must sign the legal confirmation where indicated and attach the information required from them.

You must also sign the form where indicated.

You or your solicitor should then send the completed form, together with the documents required, to SuperLife Limited.

Previous home owners

Even though you have previously owned property, you may still be eligible for the HomeStart Grant and savings withdrawal. For more information on this, check out the Housing New Zealand website www.hnzc.co.nz/kiwisaver. In simple terms, you must:

- be 18 or older; and
- currently not owning a home/property; and
- have a deposit of at least 10% of the value of the property. This can include the amount you can withdraw from your KiwiSaver Account; and
- until 1 July 2016, have household income below \$80,000¹ (before tax) if you are an individual and below \$120,000¹ (before tax) if 2 or more people are buying the house; and
- have realisable assets below 20% of the maximum house price caps for the area you are buying your first home.

The defined price caps are:

- \$550,000 in Auckland;
- \$450,000 for Christchurch City, Hamilton City, Hutt City, Kapiti Coast, Porirua City, Queenstown Lakes District, Selwyn District, Tasman/Nelson, Tauranga
- City, Thames/Coromandel, Upper Hutt, Waimakariri, Western Bay of Plenty and Wellington City;
- \$350,000 for the rest of New Zealand.

¹ Prior to 1 October 2013, these numbers were both \$100,000. From 1 July 2016 the income test is removed.