

# Part 1

## FIRST HOME SAVER ACCOUNT

Product Disclosure Statement (Corporations Act [Cth] 2001)

First Home Saver Account Product Disclosure Statement (PDS) comprises of the following documents

- Features and Benefits of the FHSA
- Savings and Term Deposit Account Interest Rates (Part 3 of our Product Disclosure Statements)



**Police Credit**

*Securing your future*

- 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.

More information and tools to help you make a decision about this product are available online at [www.ato.gov.au](http://www.ato.gov.au) and [www.policecredit.com.au](http://www.policecredit.com.au).

### Find out if Police Credit’s First Home Saver Account is right for you

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For more information about Police Credit go to the last page.

This Product Disclosure Statement is required to be given by Police Credit to members when issuing a financial product to them. It contains all details that might reasonably be expected to have a material influence on the decision of a customer as to whether to acquire this product.

If you are looking to acquire any of the Credit Union products referred to in this PDS, please refer to this document (Part 1) and to our Savings and Term Deposit interest rates identified as Part 3 of our Product Disclosure Statements.

Product Issuer:

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## 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 Account. 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](http://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 4 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 as 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;

- 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 of your savings, or move it into super.*

## 3. HOW THE GOVERNMENT HELPS YOU SAVE

The Government boosts your investment with contributions and a low rate of tax on the income your savings 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 Police Credit 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 the account provider.

## 4. HOW POLICE CREDIT HELPS YOU SAVE

### Your savings earn high interest

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

*Please refer to Part 3 of this Product Disclosure Statement or [www.policecredit.com.au](http://www.policecredit.com.au) and select Interest Rates for our current interest rate.*

### Your savings will not go down

- Police Credit's 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 \$27,000, after Government contributions and interest.

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

## **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 can pay the savings into a genuine mortgage for this home after the completion of the minimum qualifying period which is currently 4 separate financial years. This means you can pay a deposit on your first home before meeting the four year rule and have until you acquire ownership (settlement date) to make further contribution to your account. Any funds over and above your mortgage balance will be paid to your super account.

### **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 as a lump sum, if you are 60 or over or
- where you have purchased your first home after 24 May 2011, you can pay the savings into a genuine mortgage for this home after the completion of the minimum qualifying period which is currently 4 separate financial years.

### **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 and cease to reside in Australia 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 Police Credit and close your account within 30 days, or tax office 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**

If you are experiencing financial hardship you can move your savings into your super account where it will be invested until you retire. You may apply to access your super under the early release provisions where in special cases super funds may release some super money early for severe financial hardship, compassionate reasons or terminal illness.

## **6. USING YOUR SAVINGS FOR YOUR FIRST HOME**

### **Withdrawing your savings**

- You must notify us within 30 days of purchasing a home and while you can make no further contributions to the account, government contributions and interest will still be paid into the account.
- 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 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 pay the savings into a genuine mortgage for your first home after the completion of the minimum qualifying period which is currently 4 separate financial years. Once settlement takes place you have 30 days to notify us and no further contributions can be made. Once the four year rule

has been met you will need to apply to have your account closed and your savings will be released towards your mortgage at this time.

## **When you're ready to use your savings for your first home or to pay into a genuine mortgage over your first home**

1. Apply to Police Credit 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](http://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 you any day-to-day fees on your account.

*There are no transaction or account keeping fees that apply to this type 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 dishonour, transaction trace charges and other such fees that may apply to a particular situation, please refer to our Fees and Charges brochure which is available from any branch, on request or on our website [www.policecredit.com.au](http://www.policecredit.com.au) as Part 2 of our Product Disclosure Statements.*

## **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**

Police Credit enquiries

Call 13 63 73

Visit [www.policecredit.com.au](http://www.policecredit.com.au)

Mail PO Box 669 Carlton South Vic 3053

### **First Home Saver 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](http://www.ato.gov.au) or [www.fido.gov.au/firsthomesaver](http://www.fido.gov.au/firsthomesaver)*

### **Complaints**

*If you have a complaint please 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 Police Credit on 13 63 73

Call FOS on 1300 780 808 or visit [www.fos.org.au](http://www.fos.org.au)

### **About Us**

This Product Disclosure Statement is issued by Police Association Credit Co-operative Limited  
ABN 33 087 651 661 AFSL 240293  
121 Cardigan Street Carlton Vic 3053.

Our mission is to assist members in maximising their financial wellbeing and security, by providing a convenient, secure place to save and an economical place to borrow.

We offer a wide range of financial services to specific sectors of the community - emergency services, health industry, and government departments, as well as their families and friends.

As a co-operative we are not focused on profits or paying dividends to shareholders. Our members are our priority, so all profits from Police Credit products and services are reinvested into our organisation so members directly benefit from better products and services.

## Police Credit members enjoy...

- No annual or account keeping fees
- Internet and telephone banking
- Competitive term deposit and online savings accounts
- A range of competitive loan products
- Financial planning and personal risk insurance advisory service
- Friendly, personalised service.

All funds up to and including a total of \$1million for any individual are automatically government guaranteed under the Banking Act's Financial Claims Scheme.

Police Credit is committed to complying with the Mutual Banking Code of Practice.

If you require further clarification of any of the account referred to in this PDS, then please contact Police Credit on 13 63 73 or call into one of our branches. This Product Disclosure Statement was prepared on 9 August 2011. The information contained in this document is up to date at the time of issue to customers. This PDS is not required to be lodged with ASIC and ASIC is not responsible for any of its content.

For contact information see section 9 (page 9).