

First Home Saver Account Product Disclosure Statement (PDS)

Effective date: 31 March 2015



This booklet should be read in conjunction with the Terms and Conditions contained in the Financial Service Guide (FSG) for the Bank products including: Savings Accounts, Investment Accounts, Payment Services, Visa Debit Card, Redicard, Internet Banking, BPAY, Redidial and Member Chequing. AFSL/ Australian Credit Licence No. 240018. ABN 95 087 650 799.

Police Bank Ltd

ABN 95 087 650 799. AFSL/Australian Credit Licence No. 240018
25 Pelican Street, Surry Hills NSW 2010.

Customs Bank is a division of Police Bank Ltd. All terms and conditions that apply to Police Bank also apply to Customs Bank.

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 lower than normal rate.
- **Please note this account restricts when you can take your money out and for what purpose.**

It is important to read this document to determine if the First Home Saver Account is right for you.

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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; **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 consecutive years.

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

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:

1. To buy your first home
2. As money you can add into super
3. 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 can deposit money into your Bank account the same way as you would make deposits into a normal Bank account.
- You cannot salary sacrifice into your account.
- You do not need to deposit money to your account every year – but your account will only receive Government contributions when you do.

First Home Saver Account

- Once the total amount in your account reaches \$90,000 (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.

Effective from 1 July 2012, 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 \$6,000 in a financial year will get this Government contribution – anything over this amount will not.
- The account balance cap is \$90,000.

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 the Bank 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 your investment earnings

- The Government requires the Bank to collect tax of 15% on your interest earnings. Please refer to the interest rates for the pre-tax and post tax rates.

4. How we help you save

Your savings earn high interest

- The savings in your Bank First Home Saver Account earn a high variable interest rate (in line with the Reserve Bank

of Australia cash rate), helping you to get your first home quicker.

- The interest on the account is calculated daily and paid every six (6) months in June and December.

See www.policebank.com.au for our current interest rate. For Customs Bank see www.customsbank.com.au

Your savings will not go down

- The 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 could 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% interest (after tax and any fees) and may be different from the actual interest the Bank 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 4 separate financial years (they do not need to be in a row)

If this happens:

- Providing the 4 year qualifying period has been met, your savings can be released to go towards your mortgage. The conditions are:
 - i. You must notify us within 30 days of purchasing a home
 - ii. No further contributions can be paid to the account from the date of notification. However, any Government contributions and account earnings will still be paid into your account.
 - iii. At the end of the minimum qualifying period, you must apply to have the account closed and the balance of the account paid to your mortgage. If you sell the home before the qualifying period, you must close the account and have the balance paid to your superannuation.

First Home Saver Account

- 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 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 consecutive years) 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 the Bank and close your account within 30 days, or penalties may 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. or
- If your home is mortgaged – see point 5 on page 5.

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 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.

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

1. Apply to the Bank to withdraw all of the money from your First Home Saver Account.
2. Close your 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. Inactive accounts

After 3 years, an account is classed as inactive if no Member transactions occur. The Bank must, within 14 days after the 3 year period:

- (a) pay the entire balance of the FHSA:
 - (i) if the FHSA holder is aged 60 or over and has given the Bank a statement that he or she wants the balance of the FHSA to be paid to him or her; or
 - (ii) where the FHSA holder has nominated a superannuation fund, the entire balance of the account will be transferred to the nominated fund; or
 - (iii) where the FHSA holder has **not** nominated a superannuation fund, the entire balance of the account will be transferred to the default superannuation fund set by the Bank - **MLC Superannuation**.
- (b) close the FHSA.

8. 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.

9. How to open an account

To open an account:

1. Fill out the application form;
2. Make an initial deposit into your account to kick start your savings.

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.

First Home Saver Account

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.

10. Where to go for more information

First Home Saver Account enquiries

For information about how the First Home Saver Accounts work, eligibility, fees and taxes, and links to savings calculators and other useful online tools **visit www.ato.gov.au**

Bank enquiries

Phone 131 728

Website www.policebank.com.au
www.customsbank.com.au

Correspondence 25 Pelican St, Surry Hills NSW 2010

Complaints

If you have a complaint please contact your nearest Service Centre (see back page for details), our Assistance Centre on 131 728 or email: info@policebank.com.au, info@customsbank.com.au If you need further assistance, you can use our Internal Dispute Resolution Service. See our Complaints Handling & Dispute Resolution Guide for details, available on our website www.policebank.com.au (www.customsbank.com.au for Customs Bank) or from our Service Centres (see back page for details).

We also belong to the Financial Ombudsman Service. If we cannot resolve your dispute with us, you can have the matter determined independently by contacting Financial Ombudsman Service Limited on 1300 780 808.

Contact Us

Police Bank

Assistance Centre

Phone: 131 728 E/N: 88899

Direct

Phone: 131 728 E/N: 88884

Sydney

Phone: (02) 8268 2500 E/N: 44850

Parramatta

Phone: (02) 9841 8200 E/N: 44700

Penrith

Phone: (02) 4720 5000 E/N: 44750

Newcastle

Phone: (02) 4908 6200 E/N: 44870

Canberra

Phone: (02) 6206 7000 E/N: 44860

Goulburn

Phone: (02) 4827 1000 E/N: 44730

Gosford

Phone: (02) 4320 0200 E/N: 44880

Wollongong

Phone: (02) 4221 9000 E/N: 44830

Campbelltown

Phone: (02) 4640 7000 E/N: 88839

Port Macquarie

Phone: (02) 6582 9900 E/N: 44840

Norwest

Phone: (02) 8814 3000 E/N: 44790

Email info@policebank.com.au

Website www.policebank.com.au

Customs Bank

Assistance Centre: 131 728

Canberra Phone: (02) 6243 8900

Mascot Phone: (02) 8335 4200

Melbourne Phone: (03) 9642 1003

Email info@customsbank.com.au

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