

KiwiSaver and first home purchases

If you are a first home buyer and a member of KiwiSaver, KiwiSaver may be a great help with the purchase of your home. KiwiSaver offers two features to help people into home ownership.

- You may be able to withdraw some of your KiwiSaver savings to put towards your home; and
- You may be eligible for a first home deposit subsidy.

These funds can be used to purchase a home, to purchase land to build a home on, or an apartment off the plans.

To be eligible to withdraw some of your savings:

- You must have been a member of KiwiSaver, a complying fund, or exempt employer scheme for at least three years.
- This must be the first property you have purchased (although there are some exceptions – see below, and Housing New Zealand can confirm eligibility for those people).
- You must not have made a first home withdrawal before.
- The property must be situated in New Zealand.
- The property must be your principal residence – investment properties do not qualify.

To be eligible for a first home deposit subsidy:

- You must be over 18 years.
- You must not have received a deposit subsidy before.
- You must not own any other property.
- You must live in the property for at least six months after the date of purchase.
- You cannot use the subsidy to buy an investment property.
- You must have been a member of KiwiSaver, a complying fund, or exempt employer scheme and have contributed no less than the minimum percentage of your income to your scheme for at least three years. The minimum rate was 4% of income from 1 July 2007 to 31 March 2009 and 2% thereafter.
- You must pay no more for the property than the capped price. The purchase price for a Christchurch property is capped at \$300,000. It is \$400,000 for Auckland City, North Shore City, Rodney District, Wellington City and Queenstown Lakes District.
- Allowable income for a single purchaser or combined income for joint purchasers is no more than \$100,000.00 before tax, and for three or more buyers combined income is no more than \$140,000.00 before tax.
- The property must be owned in your (or your co-purchasers) personal name(s). You cannot purchase the property in the name of your Trust. You must first purchase it in your name, but you can form a Trust and transfer it to the Trust after you have met the six month ownership criteria.
- Purchasers are eligible for \$1,000 per year of contribution to KiwiSaver up to a maximum of \$5,000 if they have been members for five years.

If you are buying land, or an apartment that is being built:

- The same price caps apply for the total price of the land and completed house as above.
- The house must be built within 12 months of date of purchase of the section.
- You must provide a code compliance certificate to show this has been done.
- You must show you will have funding for the construction of the building.
- You must show the land or site is ready to build on.

For purchasers who have owned property before:

- Same as above, plus -

- If you have owned a house before, but you can show you are in the same position now as a first home buyer, you may be eligible - Housing New Zealand can confirm this.
- If you have owned a home before you must not have realisable assets totalling more than 20 percent of the price cap in the area you are buying in, ie \$60,000 maximum for Christchurch.

Amount able to be withdrawn from KiwiSaver

- You can withdraw all of your savings (or just some of it if you wish).
- You can withdraw all returns (interest, etc) and employer contributions.
- You cannot withdraw the initial \$1,000 kickstart payable or member tax credits.

How you will receive the funds

- Apply for pre-approval, if you have not found a house or land, but want to know you are eligible.
- Pre-approval lasts 90 days which you can apply to extend.
- If you have found a house/land/appointment you can apply directly for the subsidy.
- It may take five working days to approve or pre-approve an application for the deposit subsidy.
- Once approved you are given a letter to confirm the deposit subsidy is available, which you can provide to your bank to show you have finance for your purchase.
- Housing New Zealand requires a four week period from receipt of your application to paying the subsidy.
- After your application is approved, documents are sent to your solicitor to be signed by you and your solicitor, who returns them to Housing New Zealand.
- The deposit subsidy is paid direct to your solicitor on settlement day.
- Your scheme provider administers the savings withdrawal.
- You need to apply to your scheme provider, with completed first home withdrawal form
- This can also take up to four weeks.
- Your solicitor provides a copy of the agreement for sale and purchase, and details of your solicitor's bank account.
- The savings withdrawal is also paid direct to your solicitor.

Withdrawing funds from KiwiSaver, and applying for the KiwiSaver subsidy is relatively straightforward. We have found clients are often able to complete the first steps of the process themselves, with our assistance only being required once a contract is confirmed, at which stage we liaise with your KiwiSaver provider to confirm that the contract is confirmed and to make arrangements for the funds to be paid into our trust account for settlement. However we have helped a number of clients through the process of dealing with their KiwiSaver providers and their applications for the subsidy and we are only too happy to provide whatever assistance is required so that the process is stress free for our clients.