

First Home Saver Account Product Disclosure Statement (PDS)

Effective date: 14 June 2010



For You, Your Family, Your Future.



This booklet should be read in conjunction with the Terms and Conditions contained in the Financial Service Guide (FSG) and the Schedule of Fees and Charges.

The Police Department Employees' Credit Union Ltd

ABN 95 087 650 799. AFSL No. 240018

Level 27, 1 Market Street, Sydney NSW 2000.

Customs Credit Union is a division of The Police Department Employees' Credit Union Ltd. All terms and conditions that apply to Police Credit Union also apply to Customs Credit Union.

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 Credit Union account the same way as you would make deposits into a normal Credit Union account.
- You cannot salary sacrifice into your account.

First Home Saver Account

- You do not need to deposit money to your account every year – but your account will only receive 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 the Credit Union 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 Credit Union 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 the Credit Union helps you save

Your savings earn high interest

- The savings in your Credit Union 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.

See www.pcu.com.au for our current interest rate. For Customs Credit Union see www.customscu.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 Credit Union 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:

- 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).

First Home Saver 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 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 Credit Union 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.

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 Credit Union 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 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 Credit Union 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 Credit Union 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 Credit Union - **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.

For a list of other fees that apply to special situations and transactions (e.g cheque withdrawals) go to www.pcu.com.au (www.customscu.com.au for Customs Credit Union) and view our Schedule of Fees and Charges or request a copy from your nearest Branch (see back page for details).

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.

You cannot open a joint account with someone else.

First Home Saver Account

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.

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**

Credit Union enquiries

Phone 131 PCU (131 728)

Website www.pcu.com.au
www.customscu.com.au

Correspondence Level 27, 1 Market St, Sydney NSW 2000

Complaints

If you have a complaint please contact your nearest Branch (see back page for details), our Assistance Centre on 131 PCU (131 728) or email: info@pcu.com.au, info@customscu.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.pcu.com.au (www.customscu.com.au for Customs Credit Union) or from our Branches (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 Credit Union

PCU Assistance Centre

Phone: 131 PCU (131 728) E/N: 88899

PCU Direct

Phone: 131 PCU (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

Email info@pcu.com.au

Website www.pcu.com.au

Customs Credit Union

CCU Assistance Centre: 131 728

Canberra Phone: (02) 6243 8900

Mascot Phone: (02) 8335 4200

Email info@customscu.com.au

Website www.customscu.com.au
