

Buying your first home made easy with KiwiSaver and Welcome Home Loan



New Zealand Government

Have you always dreamed of owning your own home, or buying land to build on, but thought you couldn't afford it?

Well you might be able to turn that dream into a reality. You may be eligible to access one or all of three government home ownership products designed to help people on low or fixed incomes into their own homes.

By combining all three you may have a larger deposit and be able to finance your home purchase more easily.

The three products are:

- KiwiSaver first-home deposit subsidy
- KiwiSaver first-home savings withdrawal
- Welcome Home Loans.

If you have previously owned a home, but no longer do so, you also may be eligible for the subsidy, savings withdrawal and a Welcome Home Loan. See the table opposite.



Which product is right for me?

The table will help you determine which product is best for you and where to find more information in this booklet.

WHAT'S MY SITUATION?	WHAT COULD I GET?	HOW DO I APPLY?	WHERE DO I GO FOR MORE INFO?
I am a first home buyer. I want to apply for the KiwiSaver first-home deposit subsidy.	Access to a grant of up to \$5,000	Apply to Housing New Zealand.	See page 4 to find out if you are eligible.
I am a first home buyer. I want to apply for the KiwiSaver first-home savings withdrawal.	Access to your KiwiSaver savings	Apply through your KiwiSaver scheme provider.	See page 7 to find out if you are eligible.
I am a previous home owner. I want to apply for the KiwiSaver first-home deposit subsidy and/or the savings withdrawal.	Access to a grant of up to \$5,000 and/or your KiwiSaver savings	Apply to Housing New Zealand to determine if you are in the same position as a first home buyer. Then apply to your scheme provider for the savings withdrawal.	See page 6 to find out more.
I am a first home buyer and want a low deposit home loan.	Access to a low deposit loan available from participating lenders	Apply to a participating lender for a Welcome Home Loan.	See page 11 for a list of lenders and to find out more.



What is KiwiSaver?

KiwiSaver is a voluntary, work-based savings initiative to help you save for your retirement. It has a range of membership benefits including contributions from your employer and the Government. It can also help with buying your first home through the first-home deposit subsidy and the savings withdrawal.

How the KiwiSaver deposit subsidy works

After three years of regularly contributing to KiwiSaver you may be entitled to the deposit subsidy. The subsidy is \$1,000 for each year of contribution to the scheme:

- **3 years of contributing = \$3,000**
(the minimum you can get)
- **4 years of contributing = \$4,000**
- **5 years of contributing = \$5,000**
(the maximum you can get)

Before you apply for a deposit subsidy or a savings withdrawal, we recommend you find out the following about your KiwiSaver scheme account:

- the name of your scheme provider and what type of scheme it is
- how long you have been contributing
- how much you have been contributing.

Some employer-sponsored superannuation schemes – called complying funds or exempt employer schemes – may also be eligible for the KiwiSaver benefits. If you are

Two or more borrowers can combine their deposit subsidies to help buy a home, for example a couple who have both been contributing to KiwiSaver for five years could be eligible for subsidies totalling \$10,000.

You can use the deposit subsidy to buy an existing house, or land on which to build your home. The deposit subsidy cannot be used to buy an investment property, or to cover the construction costs if you already own land.

a member of one of these schemes you may be eligible for the first-home deposit subsidy and some complying funds also permit savings to be withdrawn to buy your first home. Contact your fund trustees to find out if this is possible.

What if I'm not a member?

If you are thinking about buying a property and are not yet a member of a KiwiSaver scheme, then find out how to join by calling 0800 549 472, or visiting www.kiwisaver.govt.nz

How do I know if I'm eligible?

To be eligible for the deposit subsidy check you meet all the following criteria:

- ✓ I am 18 years or over.
- ✓ I have not received the deposit subsidy before.
- ✓ I am a member of a KiwiSaver scheme, complying fund or exempt employer scheme (contact your scheme provider to check your scheme is eligible).
- ✓ I have contributed at least the minimum percentage of my income to a KiwiSaver scheme, complying fund or exempt employer scheme for at least three years.
- ✓ I am the sole buyer and I have earned \$80,000 or less (before tax) in the last 12 months OR
- ✓ I am buying a home or land with another buyer (or several buyers) and we have a combined household yearly income of \$120,000 or less (before tax) in the last 12 months.
- ✓ I have a deposit that is 10 percent or more of the purchase price. The 10 percent deposit includes the money I can withdraw through the KiwiSaver savings withdrawal feature, the deposit subsidy amount I may be eligible for and any other funds, such as savings, fixed and term deposits or funds already paid to a real estate agent.
- ✓ I am buying one of the following types of property and land arrangements: fee simple, stratum estate freehold and leasehold, cross-lease (freehold and leasehold) or leasehold. To find out what these property types are, see the Glossary in the Buying your first home with KiwiSaver booklet available at www.hnzc.co.nz/kiwisaver

How do I know if the house I want to buy qualifies?

(Note: If you are buying land to build on, see the next section).

- ✓ It will be my only house. (You cannot own any other houses).
- ✓ The house purchase price is less or equal to the maximum house price cap. The house price caps are
 - Auckland – \$485,000
 - Wellington City and Queenstown Lakes – \$425,000
 - Christchurch City and Selwyn District – \$400,000
 - Thames/Coromandel, Tauranga City, Western Bay of Plenty, Hamilton City, Kapiti Coast, Porirua City, Hutt City, Upper Hutt, Tasman/Nelson and Waimakariri – \$350,000
 - Rest of New Zealand – \$300,000.
- ✓ I am planning to live in the house I buy. (The deposit subsidy cannot be used to buy an investment property.)
- ✓ I will live in the house for at least six months.

I am buying land to build a house. Am I eligible?

- ✓ I will live in the house for at least six months from its completion date.
- ✓ I will have the house built within 12 months of buying the land. (You will need to supply a code compliance certificate to show this has been done.)
- ✓ I have funding for the construction of the building.
- ✓ I can provide with my application for a deposit subsidy a copy of a fixed price contract that confirms the construction costs for the building.
- ✓ The total cost of both the land and the house is within the house price caps (as above).
- ✓ The land or site is ready to build on.

How do I apply for the deposit subsidy?

If you meet all the conditions and criteria you can apply directly to Housing New Zealand for the deposit subsidy. Your application needs to be submitted along with a signed sale and purchase agreement at least four weeks before settlement. The subsidy will not be paid out after settlement has occurred. Housing New Zealand will pay the deposit subsidy directly to your solicitor settling the purchase of the house or land on settlement day.

What if I have previously owned property?

If you have previously owned property but no longer do so, you may still be eligible for the deposit subsidy. You will need to apply to Housing New Zealand to determine if you are in the same financial position as a typical first-home buyer in terms of realisable assets. To find out more about realisable assets see www.hnzc.co.nz/kiwisaver or the brochure *Buying your first home with KiwiSaver*.

Can I apply if I have not yet bought a property?

If you have not yet found a home to buy, but want to know if you are eligible for a subsidy or not, you can apply to Housing New Zealand for a deposit subsidy pre-approval. A pre-approval is valid for 180 days and means once you find a property to buy, all you need to do is submit a copy of your signed agreement for sale and purchase no later than 10 working days before the settlement date.



How the KiwiSaver savings withdrawal works

If you have been a member of KiwiSaver for at least three years, you may be able to withdraw your savings to put towards buying your first home. Government contributions are not paid out in the first-home withdrawal. This includes the \$1,000 kick-start when you first join.

You must intend to live in the property. It cannot be used to buy an investment property.

If you are a member of a complying fund (that is, a non-KiwiSaver superannuation fund), you may be able to withdraw your savings to help you buy your first home.

Contact your fund's trustees to find out if this is possible.

How do I apply?

If you are a first-home buyer, simply contact your KiwiSaver provider or complying fund provider to apply.

If you are a previous home owner you will first need to apply to Housing New Zealand to determine whether you are in the same financial position as a first time home buyer. If you are, then you should next apply through your scheme provider. You can use the same form as for the deposit subsidy – just tick the box for savings withdrawal.

Case Study

How John and Sarah bought a house with KiwiSaver

John and Sarah earned a combined income of \$110,000 in the last year and have put in an offer on a home in Auckland for \$430,000. As they have been paying rent in Auckland, they have only managed to save a \$50,000 deposit.

Their bank has advised it will lend them \$344,000, based on the new Reserve Bank lending restrictions from 1 October 2013.

John has been a member of KiwiSaver since July 2007, when it was first launched, and

has contributed the minimum percentage of his salary/wages each year. Sarah, has been a KiwiSaver member since August 2009.

Both John and Sarah submitted applications to Housing New Zealand for the deposit subsidy and have been approved for \$5,000 and \$4,000 respectively. They have also made applications to their KiwiSaver scheme providers to withdraw their contributions to help with their first home. They are able to withdraw a combined total of \$27,000 from their KiwiSaver accounts.

HOUSE PURCHASE PRICE	MINIMUM DEPOSIT REQUIRED BY LENDER	DEPOSIT COMPONENTS	DEPOSIT PROVIDED BY CLIENT	BANK LOAN
\$430,000	\$86,000 (20%)	Saved deposit \$50,000 KiwiSaver subsidies \$9,000 KiwiSaver savings withdrawal \$27,000	\$86,000 (20%)	\$344,000 (80% of LVR)



How do I find out
more about the
deposit subsidy?

**If you would like an application
form or more information:**

- Visit www.hnzc.co.nz/kiwisaver
- Read *Buying your first home with KiwiSaver* available from www.hnzc.co.nz/kiwisaver or from your KiwiSaver provider
- Email kiwisaver.enquiries@hnzc.co.nz
- Call 0508 935 266

Case Study

How Craig and Tracey bought a house with KiwiSaver

Craig and Tracey are buying their first home in Napier. The house price is \$240,000. In the last year Craig earned \$85,000, but Tracey had no income as she recently had their first child. They have a \$30,000 deposit saved, but this alone is insufficient to secure a loan to buy their home.

Craig joined KiwiSaver in March 2008 and has regularly contributed the minimum percentage of his income to his KiwiSaver account. Tracey is not a KiwiSaver member.

Given the new lending restrictions introduced by the Reserve Bank from 1 October 2013, generally a mortgage lender would need clients to provide a deposit that totalled 20 percent of the purchase price. In this case, this would be \$48,000.

Craig has a KiwiSaver deposit subsidy pre-approval for \$5,000 and has \$18,000 KiwiSaver contributions he can withdraw to help with the purchase of a first home.

HOUSE PURCHASE PRICE	MINIMUM DEPOSIT REQUIRED BY LENDER	DEPOSIT COMPONENTS	DEPOSIT PROVIDED BY CLIENT	BANK LOAN
\$240,000	\$48,000 (20%)	Saved deposit \$30,000	\$53,000 (22%)	\$187,000 (78% of LVR)
		KiwiSaver subsidies \$5,000		
		KiwiSaver savings withdrawal \$18,000		



How do I find out more about the savings withdrawal?

Apply to your KiwiSaver provider or complying fund.



How Welcome Home Loans work?

Welcome Home Loans make it easier for you to get into your first home. Instead of requiring a 20 percent deposit like many loans, a Welcome Home Loan only requires you to have a 10 percent deposit.

Welcome Home Loans are offered by selected banks and credit unions and designed for first home buyers who can afford to make regular repayments on a home loan, but have trouble saving for a larger deposit.

Am I eligible for a Welcome Home Loan?

To be eligible for a Welcome Home Loan, check you meet the following standard criteria. You will also need to meet the specific lending criteria of participating lenders.

- ✓ I am a New Zealand citizen or Permanent New Zealand resident (holding a 'Permanent Resident Visa').
- ✓ I have a 10 percent deposit or more of the purchase price. The deposit can be gifted by a relative. Two or more borrowers can also team up to purchase a home, making it easier for extended families to own a home.
- ✓ The house I want to buy is within the maximum house price cap for that region. The house price caps are:
 - Auckland – \$485,000
 - Wellington City and Queenstown Lakes – \$425,000
 - Christchurch City and Selwyn District – \$400,000
 - Thames/Coromandel, Hamilton City, Western Bay of Plenty, Tauranga City, Kapiti Coast, Porirua City, Upper Hutt, Hutt City, Tasman/Nelson and Waimakariri – \$350,000

- Rest of New Zealand – \$300,000.

- ✓ I am the sole borrower and I have earned a household yearly income of \$80,000 or less (before tax) in the last 12 months OR
- ✓ I am buying a home with another borrower (or several borrowers) and we have a combined household yearly income of \$120,000 or less (before tax) in the last 12 months
- ✓ I am buying the property to live in (Note Welcome Home Loans are not available to fund the purchase of rental properties)
- ✓ I do not own any other property.

Some participating lenders allow you to build a new house with a Welcome Home Loan. Please ask your preferred lender if they do.

Note that you will have to pay a 1 percent mortgage insurance premium and may need to pay an application fee. In most cases these fees can be built into the home loan. Talk to your participating lender to see what fees apply.

Case Study

How Ben and Toni bought their first home in Christchurch using a Welcome Loan and KiwiSaver

Ben and Toni have an offer to buy their first home accepted as long as they meet the conditions set out in the sale and purchase agreement. The property they're interested in is a \$400,000 home in Hoon Hay, Christchurch. They have not been able to save a deposit, but have been KiwiSaver members since it started in July 2007. In the last 12 months, they have earned a combined income of \$100,000.

Both Ben and Toni have applications for the KiwiSaver deposit subsidy pre-approved and are eligible for \$5,000 each to help with the purchase of their first home. They are also both eligible to withdraw all their own and their employers' contributions from their

accounts. Together they can withdraw \$35,000.

Banks have advised they will need a deposit of between 15 and 20 percent of the purchase price (\$61,500 – \$82,000), which they don't currently have. After looking through the Welcome Home Loan website, they saw it may be possible to get a loan with only a 10 percent deposit so applied to a Welcome Home Loan lender and showed that with all of the KiwiSaver savings and deposit subsidies, they had \$45,000 to put towards the purchase. As this totalled nearly 11.25 percent and because they met the other lending criteria, they were awarded a Welcome Home Loan of \$355,000.

HOUSE PURCHASE PRICE	DEPOSIT AMOUNT	DEPOSIT AVAILABLE	WELCOME HOME LOAN
\$400,000	\$45,000 (\$35,000 + \$5,000 + \$5,000)	11.25%	\$355,000 (88.75% of LVR)



What are the next steps?

If you think you may be eligible for a Welcome Home Loan, and you would like to take the next step, visit the Welcome Home Loan website to read

more about the loan. Then contact a participating lender – refer to the website or the table below. Each lender has their own credit criteria you will need to meet along with the standard Welcome Home Loan eligibility criteria.

WELCOME HOME LOAN LENDERS	PHONE NO	WEBSITE
NZCU Baywide	0800 229 9433	www.nzcubaywide.co.nz
Heartland	0800 227 227	www.heartland.co.nz
Fletcher Challenge Employees Credit Union	09 579 0448	www.fpfcu.co.nz
Kiwibank	0800 272 278	www.kiwibank.co.nz
Nelson Building Society	0800 101 700	www.nbs.co.nz
Southland Building Society	0800 502 442	www.sbs.net.nz
TSB Bank	0800 231 232	www.tsbbank.co.nz
Westpac	0800 177 277	www.westpac.co.nz

Case Study

How Rawiri bought his first home with a Welcome Home Loan and KiwiSaver

Rawiri is looking at buying his first home. Since graduating from university just over a year ago, he has been employed in a local office in Hastings and has earned \$60,000 in the last 12 months.

On the advice from his parents, he joined KiwiSaver in 2007 and has contributed the minimum percentage of his earnings towards KiwiSaver from his part-time jobs. He also contributed towards KiwiSaver from the Study Link finance he received while at university.

Rawiri is looking at buying a home for around \$200,000. His parents are gifting him a sum of \$10,000 and they have this confirmed by a gifting certificate. He has applied for a KiwiSaver deposit subsidy pre-approval and has been confirmed that he is eligible, providing he buys a home for \$300,000 or less.

As most of his contributions have been from part-time work or Study Link, only around \$7,000 can be withdrawn from his KiwiSaver account. He has spoken to a Welcome Home Loan lender about a Welcome Home Loan and has been advised he meets the criteria providing he has a deposit of at least 10 percent of the house purchase price, and that it is within the house price cap for the region.

He asked the Welcome Home Loan mortgage manager if the gift from his parents of \$10,000, a KiwiSaver deposit subsidy pre-approval of \$5,000 and his KiwiSaver withdrawal of \$7,000 would be acceptable as at least a 10 percent deposit on a house of no more than \$200,000. It was and he was advised he could receive a Welcome Home Loan of \$178,000.

HOUSE PURCHASE PRICE	DEPOSIT AMOUNT	DEPOSIT AVAILABLE	WELCOME HOME LOAN
\$200,000	\$22,000 (\$10,000 + \$5,000 + \$7,000)	11%	\$178,000 (89% of LVR)

How do I find out more about Welcome Home Loans:

- Call or visit one of the participating lenders as listed above
- Go to: www.welcomehomeloans.co.nz
- Call 0508 935 266



How do I find out more about home ownership and get help with budgeting and other lending products:

- Download Home Ownership – A guide to buying your own home from www.hnzc.co.nz/kiwisaver
- Visit www.sorted.org.nz and www.familybudgeting.org.nz – for savings and budgeting advice
- Find out about Kāinga Whenua loans if you are think you might be eligible to own a home on multiple-owned Māori land or are a Māori land trust. See www.hnzc.co.nz/kainga-whenua.

How do the products compare?

NAME OF INITIATIVE	MINIMUM DEPOSIT	INCOME CAPS (BEFORE TAX)
KiwiSaver deposit subsidy	10%	for 1 buyer, \$80,000 or less earned in the last 12 months for 2 or more buyers, \$120,000 or less earned in the last 12 months
KiwiSaver savings withdrawal	N/A	N/A – unless you are a previous home owner. If so, the same caps as the subsidy. You also need to meet the realisable assets test
Welcome Home Loan	10%	for 1 borrower, \$80,000 or less earned in the last 12 months for 2 or more borrowers, \$120,000 or less earned in the last 12 months

HOUSE PRICE REGIONS	HOUSE PRICE CAPS	AMOUNT
Auckland	\$485,000	\$1,000 for each year of contribution to the scheme:
Wellington City and Queenstown Lakes	\$425,000	
Christchurch City and Selwyn District	\$400,000	
Thames/Coromandel, Hamilton City, Western Bay of Plenty, Tauranga City, Kapiti Coast, Porirua City, Upper Hutt, Hutt City, Tasman/Nelson and Waimakariri	\$350,000	3 years = \$3,000
		4 years = \$4,000
		5 years = \$5,000
Rest of New Zealand	\$300,000	
N/A	N/A	Your contributions and your employers' contributions. The government contributions cannot be withdrawn
Auckland	\$485,000	Less or equal to house price cap for that region, less 10% deposit
Wellington City and Queenstown Lakes	\$425,000	
Christchurch City and Selwyn District	\$400,000	
Thames/Coromandel, Hamilton city, Western Bay of Plenty, Tauranga City, Kapiti Coast, Porirua City, Upper Hutt, Hutt City, Tasman/Nelson and Waimakariri	\$350,000	
Rest of New Zealand	\$300,000	

Disclaimer

The information contained in this brochure is intended to help you understand the KiwiSaver deposit subsidy and KiwiSaver savings withdrawal and is indicative only. It is not intended to address the specific circumstances of any particular individual or entity. All reasonable steps have been taken to ensure the quality and accuracy of the information. The eligibility criteria or other policies applicable to the deposit subsidy or savings withdrawal may be changed, deleted, added to or otherwise amended without notice. The information contained in this brochure should not be construed as legal or professional advice and you should take advice from qualified professional people.

Published in October 2013 by Housing New Zealand.

