



USING KIWISAVER TO BUY YOUR FIRST HOME

A GUIDE TO MAKING A
FIRST HOME WITHDRAWAL



BUYING YOUR FIRST HOME?

Buying your first home, or land to build your first home on, is an exciting step, but it can also seem a bit overwhelming.

At ANZ, we've helped thousands of Kiwis get into their first home, and we're here to help you get into yours too.

In this guide, we break down the home buying process into easy-to-understand steps. We'll also take you through how you can use your KiwiSaver savings towards your new home.

The key to getting into your first home is being prepared. At ANZ, we can help you get 'Buy Ready' with a comprehensive set of tools and resources to make sure you're ready to act when the right property comes along.

THE HOME BUYING PROCESS

The home buying process can be challenging, but with the right help and support, you can go through each step with confidence. In the following pages, we'll look at each of these stages of the home buying process in more detail.

Step 1: Working out how much you can afford

Step 2: How KiwiSaver can help

Step 3: Finding the right home for you

Step 4: Sealing the deal



ANZ Property Unlocked Seminars

You can register for a free ANZ Property Unlocked Seminar to get first-hand insights from experts including solicitors, real estate agents and ANZ home loan specialists. To find a seminar near you, visit anz.co.nz/propertyunlocked.

STEP 1: WORKING OUT HOW MUCH YOU CAN AFFORD

How much you can afford to spend on your first home depends on your particular situation. You'll find a range of tools and calculators to help you understand what you may be able to afford on anz.co.nz/firsthome, including how much you could borrow and how much your repayments may be.

How much deposit will you need?

Generally, you'll need a 20% deposit, but depending on your situation and the type of home you're buying, there may be exceptions.

Deposit options

Getting the deposit together for a new home can be challenging. If you don't have enough saved up, there are other options available.

- **Using KiwiSaver**

Once you've been a KiwiSaver member for at least three years, you may be able to use your KiwiSaver savings to help you buy your first home. To get a home loan pre-approval, you generally need a letter from your KiwiSaver manager confirming your eligibility to make a first home withdrawal. Refer to Step 2 for more details on eligibility and next steps.

- **Getting help from family**

There are two ways your family members can help you get into your first home – gifting and guarantees.

Gifting

This is when a family member gives or lends you some of the money for your deposit. For this option, you'll need to provide confirmation that you don't need to repay the money until after you sell the property. You and the family member(s) concerned should also get independent legal advice before taking up this option.

Guarantees

In some cases, the bank may be able to take a mortgage over a home owned by someone else, for example your parents, as extra security for your loan. You'll need to provide a guarantee that the owners of that home will be responsible for some of, or your entire mortgage, if you're unable to pay it. Some conditions apply to this option, and you'll both need to get independent legal advice before taking up this option.

Get your home loan pre-approved

It's a good idea to apply for a conditional pre-approval, so you can look for a home with confidence. Even if you don't have the full deposit ready, you can start the application process with ANZ. Our home loan experts can help you with the process – simply give them a call on **0800 269 4663** or speak to us in branch.

KiwiSaver tips for first home buyers

If you're planning to use your KiwiSaver savings to help buy your first home, or land to build on in the future, it pays to check you're making the most of your KiwiSaver account now. The more you have in your KiwiSaver account, the better off you'll be and the more options you'll have when you're ready to buy your first home.

Manage your KiwiSaver account online

While KiwiSaver is a long-term savings initiative, it's a good idea to regularly monitor the performance of your fund so you can decide whether you need to make any changes. If you're a member of the ANZ (or ANZ Default or OneAnswer) KiwiSaver Scheme and have other accounts with ANZ, you can check your balance anytime through ANZ Internet Banking and ANZ goMoney. Or if you only have KiwiSaver with us, you can use our KiwiSaver portal. For more information, visit anz.co.nz/keeptrack.

Consider making additional contributions

You can boost your KiwiSaver savings by making additional voluntary contributions at any time – either as lump sum or regular contributions. Making additional contributions is easy via ANZ goMoney, internet banking, phone banking, direct debit or by cheque. For more information, visit anz.co.nz/voluntary.

Make sure you're in the right fund

Most KiwiSaver schemes offer a choice of funds to invest in. For example, the ANZ KiwiSaver Scheme has six different funds which offer different levels of risk and expected returns. It's important to ensure you're in a fund that's appropriate for your particular needs – so if you're thinking of using your KiwiSaver savings to buy your first home in the future, we recommend you use our risk profile tool at anz.co.nz/riskprofiletool to help you decide which fund might be right for you. Alternatively, you can talk to an ANZ Financial Adviser by calling **0800 269 238**.

Make sure you're not paying too much tax

Make sure you've provided the correct prescribed investor rate (PIR) so you don't pay more tax than you need to. You can check your PIR using ANZ Internet Banking, ANZ goMoney or our KiwiSaver portal. For more information about how to work out and update your PIR, visit anz.co.nz/pirupdate.

STEP 2: HOW KIWISAVER CAN HELP

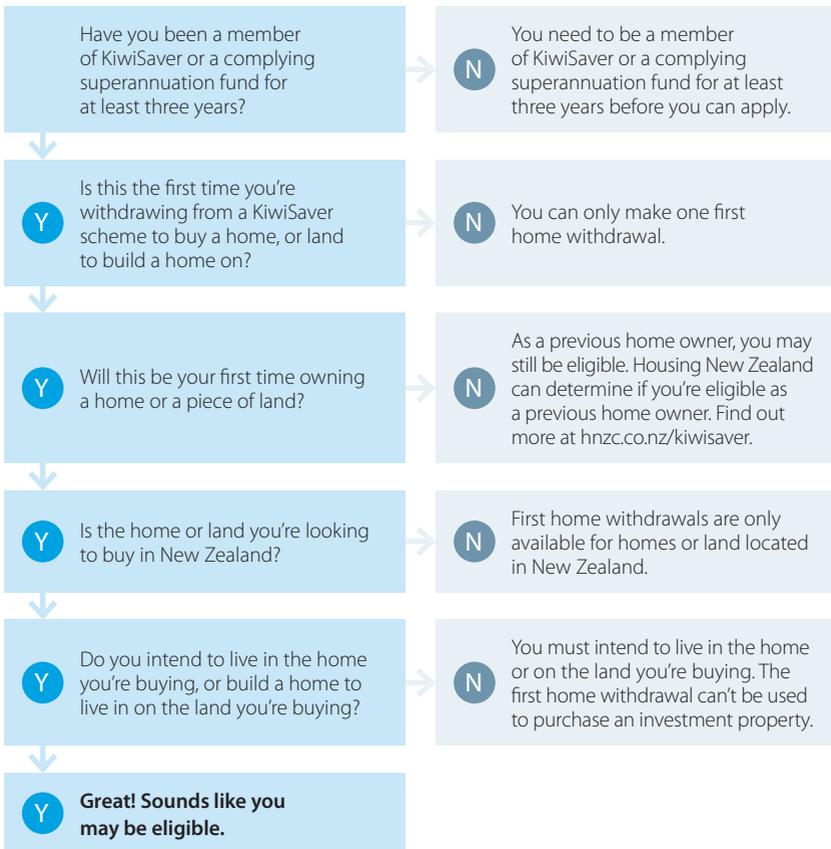
If you're eligible, there are two ways KiwiSaver can help you into your first home.

1. Make a first home withdrawal from your KiwiSaver account.
2. Apply for a HomeStart grant from Housing New Zealand.

First home withdrawal

Your KiwiSaver savings can be used to buy your first home or buy land to build your first home on.

Are you eligible?



You can check your KiwiSaver balance and how long you've been in KiwiSaver in ANZ Internet Banking, ANZ goMoney or our KiwiSaver portal.

How much can you withdraw?

If you're eligible, you can apply to withdraw the total amount in your KiwiSaver account, except for \$1,000 and any amount transferred from an Australian complying superannuation scheme.



If you lived overseas at any point since joining KiwiSaver and didn't have permanent residence in New Zealand over that time, you won't be able to withdraw any of the Government's member tax credits received during that period.

What do you need to do?

When you apply for your home loan pre-approval, you generally need to provide a KiwiSaver eligibility letter. This letter includes confirmation of your eligibility to make a first home withdrawal, as well as your estimated withdrawal amount.

Your KiwiSaver manager can provide you with an eligibility letter and a first home withdrawal application form. If your KiwiSaver account is managed by ANZ, you can request the necessary documents at anz.co.nz/FHWrequest or by calling us on **0800 736 034**.

Once you've found the home, or land, you want to buy, it's important to apply for your first home withdrawal early. If you're eligible, you can choose to put your KiwiSaver savings towards the deposit while your sale and purchase agreement is still conditional. Or alternatively, once your offer goes unconditional, you can put your KiwiSaver savings towards the purchase price at settlement.

You'll need to:

- talk to your New Zealand solicitor – they can help you through the process and legal ins and outs,
- take the application form to your solicitor so they can help you complete it and gather all the required documents,
- send all the required documents to your KiwiSaver manager at least 15 business days before payment is due.

KiwiSaver HomeStart grant

If you've been a regular contributor to KiwiSaver for at least three years, you may be eligible for a HomeStart grant from Housing New Zealand to help you buy your first home. To find out if you meet Housing New Zealand's eligibility criteria, visit kiwisaver-homestart.co.nz.

How much can you get?

The amount of the HomeStart grant depends on whether the house you're buying is existing or newly built.

The Government pays this directly to your solicitor on settlement day – it doesn't come out of your KiwiSaver account. For details on how to apply, visit kiwisaver-homestart.co.nz.

Please allow plenty of time for Housing New Zealand to process your application.



Applying for a HomeStart grant

If you apply for a HomeStart grant, you'll need to provide Housing New Zealand with proof of your regular contributions. You can download and print your transaction history from ANZ Internet Banking or from our KiwiSaver portal. To register for access, visit anz.co.nz/keeptrack.

EXISTING HOME

\$5,000

Maximum



\$1,000

For each year you've been a contributing member of KiwiSaver

OR

NEW BUILD

\$10,000

Maximum



\$2,000

For each year you've been a contributing member of KiwiSaver

STEP 3: FINDING THE RIGHT HOME FOR YOU

Once you've got your deposit and conditional pre-approval sorted, you can start thinking about what kind of home you're looking for.

Finding the right home can take up a lot of time and energy, so it's a good idea to write down what's important to you before you start. This could include:

- **Location** – do you want to live in the city, or out in the country? How important is it to be near your work, schools or family?
- **Type of home** – do you want a newer home, an apartment, an older home with character, or one you can renovate to give it more of your own personality?
- **Size** – how many bedrooms do you need? How many bathrooms? How big a section or outdoor space do you want?

Once you've found a home

Once you've found a home you're interested in, things start getting a little more serious. Here are a few things to think about.



Research the market

Find out what other homes in the area have sold for recently, and how long they took to sell. Your real estate agent should be able to help.



Research the property

Find out as much as you can about the property. What kind of condition is it in? Are there any obvious issues? Is the home likely to need repairs or renovations in the near future? For an older property in particular, find out if it has been re-wired or re-plumbed, check the water pressure by turning on the taps, and so on.



Consider getting your own reports

You may want to get your own reports on the property, which may include a LIM report from the local council, a valuation report and a building inspection.



Talk to a solicitor

We strongly recommend that you get your solicitor involved as early as possible.



STEP 4: SEALING THE DEAL

Making an offer

Here you'll find out what may be involved and what you need to do when you're ready to make an offer.

There are three main ways to buy a house in New Zealand.



Auction

An auction is where you bid against other people until only one bidder is successful. All interested buyers turn up on auction day and bid. The seller will have a reserve price, and once this price is reached, the property is on the market and will be sold to the highest bidder. If it doesn't reach the reserve price, the seller may choose to negotiate with the highest unsuccessful bidder. If you buy a home at auction, the sale is unconditional – so you need to do your due diligence (i.e. inspections, valuations) before you bid and have finance pre-approved.

(Note: You can't use your KiwiSaver savings towards the deposit if you're buying at an auction. Instead, your KiwiSaver funds will be paid as part of the purchase price on settlement day.)



Offer and negotiation

If you want to make an offer, the real estate agent will help you fill in a sale and purchase agreement, which contains your offer and any conditions. The seller can accept your offer, reject it or make a counter-offer. The real estate agent will act as the go-between until both you and the seller reach an agreement. You should always have your solicitor check any offer documents or agreements before you make an offer.



Tender

Anyone who is interested in the property submits a written offer by a certain date. Typically, all the tenders are opened at once and the seller decides which (if any) they will accept. They may also choose to negotiate with any of the tenderers.

Once your offer is accepted

As soon as the seller accepts your offer, there are a number of things you need to do.

1. Contact your bank to complete the home loan process. They will also assist you with paying your deposit.
2. Talk to your solicitor so they can start preparing all the documents required for your purchase. They will also review your home loan agreement and arrange for you to sign it.
3. Arrange for any conditions in your offer to be met (e.g. LIM report, property inspection report or valuation).
4. Work with your solicitor to complete and submit your KiwiSaver first home withdrawal application, along with the required documents, at least 15 business days before:
 - your finance date, if your offer is conditional and you're using your KiwiSaver savings towards your deposit, or
 - your settlement date, if your offer is unconditional and you're using your KiwiSaver savings to pay part of the purchase price at settlement.
5. If applicable, apply for your HomeStart grant from Housing New Zealand and arrange for it to be paid to your solicitor. Allow plenty of time for this step.
6. Arrange for your new home to be insured before settlement. You'll need to give your solicitor a copy of your house insurance certificate before the settlement date. Talk to us about how we can help with your insurance needs.

Settlement day and moving in

Now it's a matter of waiting until settlement day, which is the day that the home officially becomes yours. On settlement day, most of the work is done by your bank and your solicitor behind the scenes. Here's what happens:

- Your KiwiSaver first home withdrawal, and if applicable, your HomeStart grant from Housing New Zealand, is paid directly to your solicitor on or before the settlement day.
- Your solicitor sends a statement to your bank showing the amount required to settle the sale and arrange for your loan to be drawn down and the money transferred to the seller.
- Your solicitor will also check that the rates and any other utilities such as electricity bills have been paid by the seller and are up to date.
- Once they receive confirmation that the seller has received the money, your solicitor will register the property in your name and arrange for you to receive the keys.

All that remains is for you to move into your new home. And one last reminder – don't forget to celebrate!

KIWISAVER FIRST HOME WITHDRAWAL FAQ'S

Why do I need to send in my application at least 15 business days before my finance or settlement day?

To ensure we have enough time to process your application, and if necessary, contact Inland Revenue to calculate your entitlement to member tax credits. We can't pay out after your settlement date.

What kind of 'home' can I buy?

You can use your KiwiSaver savings to purchase property or land. This could be an existing house, a vacant residential section on which a new dwelling will be built, an apartment off the plans, or even a house and land package. It's important to note that if you're buying a land to build your first home on, your first home withdrawal can be put towards the land purchase only, and not used for other things such as building materials or contractors.

Can I make a first home withdrawal if I am a trustee of a trust that already owns property?

As a general rule, you're eligible to apply provided you're not a beneficiary of a trust. If you're a beneficiary of a trust that owns property, generally you won't be eligible. However, there are some exceptions, so we recommend you talk to your solicitor to determine your eligibility.

Can I make a first home withdrawal if I'm buying a home in the name of a trust?

Yes, provided the trust is purchasing a property that is your first home, you are a trustee and beneficiary of the trust and you intend to live in the property as your principal place of residence. To be eligible, your name (the KiwiSaver member) must be on the sale and purchase agreement.

Can I use my KiwiSaver savings to buy a house on Māori land?

Yes, provided you meet the normal first home withdrawal eligibility criteria. In addition, you'll need to provide additional documentation stating you have the right to occupy the Māori land.

What happens if the purchase falls through?

If settlement is not completed by the due date, your solicitor must pay your KiwiSaver savings back to your KiwiSaver manager's account.

HOW ANZ CAN HELP

Home is where the heart is – and owning your own home is something that many New Zealanders aspire to.

As New Zealand's number one home loan provider, ANZ can help you buy your home with confidence. Taking that next step in applying for an ANZ home loan is easy.

And once you find your dream home, it pays to protect it. We can help with a wide range of insurance options to protect your home, your possessions, your car, your life and lifestyle. So you can get on with enjoying life knowing you have protected what matters most – no matter what.

If you'd like more information, contact us.



0800 269 4663



anz.co.nz



Visit any ANZ branch



Arrange for an ANZ Mobile Mortgage Manager to visit at a time that suits you at anz.co.nz/MMM

This material is for information purposes only. Its content is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser which takes into account your individual circumstances before you acquire a financial product. If you would like to speak to an ANZ Financial Adviser, please call 0800 269 296.

