

## Case Study 3

Members Equity Bank First Home Saver Account



### Meet Graham and Nadia, married

Graham and Nadia are in their 40s, have been married for 15 years and have two children. Graham is employed full time at the local council and Nadia works part time at a bookstore. They had accepted a lifetime of renting, as home ownership seemed out of reach. With the introduction of the First Home Saver Account initiative, Graham and Nadia have decided to make home ownership a goal so they can decide what their home will look like, not the landlord!

As Graham and Nadia have never owned a home before, they are both eligible for individual Members Equity Bank First Home Saver Accounts. Combined, they have \$5,500 in savings which Nadia will use as a starting deposit to take advantage of full Government contributions in year one. Graham has decided to initially contribute \$100 per week from his salary into his account so he can benefit from maximum Government contributions. Nadia will initially contribute \$25 of her wages per week to her First Home Saver Account and \$25 per week into an ME Online Savings Account, so she has the flexibility to withdraw the funds if her family needs them, yet still earn a high rate of interest on every dollar, every day. The amount of Graham and Nadia's contributions will increase in line with wage inflation.

Since First Home Saver Accounts cannot be held jointly, Graham and Nadia must open separate First Home Saver Accounts. Nadia has estimated that they will need to save a minimum of \$55,000 to cover the deposit and stamp duty, to purchase a house in a suburb they'd like to live in.

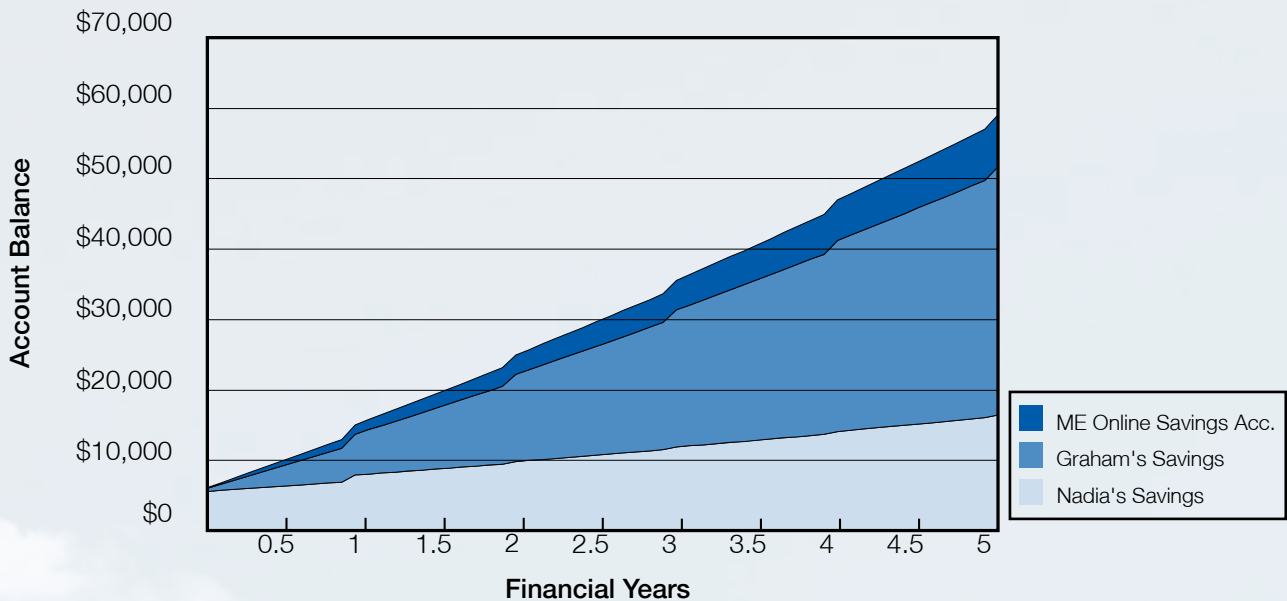


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## How Graham and Nadia's savings will grow

If Graham and Nadia remain committed to their savings plan, they would have saved a total deposit of about \$59,000 in five years time.

Graham and Nadia's Savings Growth



<b>Graham</b>	Graham's initial deposit:	\$0
	Graham's total contributions:	\$27,885
	Interest on total contributions (less tax):	\$3,280
	Government contributions:	\$4,086
	<b>Total of Graham's savings:</b>	<b>\$35,250</b>
<b>Nadia</b>	Nadia's initial deposit:	\$5,500
	Nadia's total contributions:	\$6,971
	Interest on total contributions (less tax):	\$2,222
	Government contributions:	\$1,801
	<b>Total of Nadia's savings:</b>	<b>\$16,493</b>
<b>Online Savings Account</b>	Initial deposit:	\$0
	Contributions:	\$6,504
	Interest:	\$886
	Government contributions:	\$0
	<b>Total account balance:</b>	<b>\$7,390</b>
	<b>Combined total savings after 5 yrs:</b>	<b>\$59,134</b>

NB. This figure has been calculated using the Australian Securities and Investments Commission (ASIC) First Home Saver Account calculator at [www.fido.gov.au](http://www.fido.gov.au)

Assumptions: This scenario is fictitious and contains general information only. It assumes Graham and Nadia are Australian residents for at least part of each of the financial years in the period. An interest rate of 5.00% p.a. has been applied to both First Home Saver Accounts (FHSA) and the Online Savings Account over the five-year period and that rate will compound. The interest rate applied was determined by the FHSA calculator at [www.fido.gov.au](http://www.fido.gov.au) as an appropriate estimated interest rate for bank accounts over the period covered by the scenario. The Government will make a contribution equal to 17.00% p.a. on the first \$5,000 of personal contributions in the first financial year in which personal contributions are made. That \$5,000 maximum of personal contributions (upon which the government contributions are calculated) is assumed to increase at 2.5% p.a. in \$500 increments. Graham and Nadia will lodge tax returns for each financial year and Government payments will be calculated and added five months after the end of each financial year. The end result in this example is based on Nadia's initial \$5,500 deposit and her weekly contributions into her FHSA, plus her weekly contributions into her Online Savings Account, combined with Graham's weekly contributions into his FHSA. The example assumes Graham and Nadia will increase the amount of their weekly contributions to the FHSA and Online Savings Account by 3.5% p.a. 15% tax on the interest earned from Members Equity Bank (MEB) has been subtracted from Graham's and Nadia's FHSAs. No tax has been deducted from Nadia's Online Savings Account. No fees are charged during the period. MEB does not currently charge fees on FHSAs. However, under the relevant terms and conditions, MEB has the right to charge fees if it provides the requisite notice. All results are expressed in nominal dollar terms; i.e. the results are not adjusted for inflation except as stated otherwise in these assumptions. Graham and Nadia remain eligible to hold FHSAs at all times during the period. The information contained in this scenario has been prepared without taking account of your objectives, financial situation or needs. Before acting on this scenario, you should consider the appropriateness of the information contained in the scenario having regard to your own objectives, financial situation and needs. You should obtain a copy of the Product Disclosure Statement (PDS) regarding the Members Equity Bank FHSA and consider that Statement before making any decision about whether to acquire a Members Equity Bank FHSA. To obtain a copy of the PDS, please contact MEB on 13 15 63. The projected balance in this example is predictive only and is not an estimate of an actual member's account balance. Please note there is no guarantee that these assumptions will prove correct. Differences between actual experience and the assumed facts will cause actual balances over the period to differ from the projected balances in the scenarios, and those differences may be substantial. 0309/121171