



# Corporations Amendment Regulations 2008 (No. 4)<sup>1</sup>

**Select Legislative Instrument 2008 No. 158**

---

I, PHILIP MICHAEL JEFFERY, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Corporations Act 2001*.

Dated 17 July 2008

P. M. JEFFERY  
Governor-General

By His Excellency's Command

NICK SHERRY  
Minister for Superannuation and Corporate Law

---

**1 Name of Regulations**

These Regulations are the *Corporations Amendment Regulations 2008 (No. 4)*.

**2 Commencement**

These Regulations commence on the day after they are registered.

**3 Amendment of *Corporations Regulations 2001***

Schedule 1 amends the *Corporations Regulations 2001*.

**Schedule 1 Amendments**

(regulation 3)

**[1] Subregulation 1.0.02 (1), after definition of *capital guaranteed***

*capital guaranteed FHSA product* means an FHSA product:

- (a) that is an FHSA deposit account or an FHSA life policy;  
and
- (b) for which the balance may not be reduced other than by the debiting of fees.

**[2] Subregulation 1.0.02 (1), after definition of *exempt public sector superannuation scheme (EPSSS)***

*insert*

*FHSA deposit account* means an FHSA product of a kind mentioned in subparagraph (c) (i) of the meaning of FHSA in section 8 of the *First Home Saver Accounts Act 2008*.

*FHSA life policy* means an FHSA product of a kind mentioned in subparagraph (c) (ii) of the meaning of FHSA in section 8 of the *First Home Saver Accounts Act 2008*.

**[3] After regulation 7.6.01***insert***7.6.01AA Persons taken to hold financial services licences covering First Home Saver Accounts**

- (1) For paragraph 926B (1) (c) of the Act, Part 7.6 of the Act applies as if the following subsection were inserted after subsection 911A (6):

“(7) The regulations may provide that a financial services licence is taken to cover the provision of financial services specified in the regulations.”

- (2) For subsection 911A (7) of the Act, a person’s financial services licence is taken to cover the provision of a financial service in relation to a beneficial interest in an FHSA trust (within the meaning given in section 18 of the *First Home Saver Accounts Act 2008*) if the licence would cover the service if it were provided in relation to a superannuation product.

**[4] Paragraph 7.6.04A (e)***substitute*

- (e) a cash management trust interest;  
(f) an FHSA product.

**[5] Paragraph 7.7.02 (1) (c)***substitute*

- (c) a cash management trust interest;  
(d) a capital guaranteed FHSA product.

**[6] After subregulation 7.7.08A (1)***insert*

- (1A) This regulation does not apply if the Product Disclosure Statement is for an FHSA product.

**[7] Paragraph 7.7.10 (i)**

*substitute*

- (i) a general insurance product prescribed by regulations made for the purposes of subparagraph 761G (5) (b) (viii) (see regulation 7.1.17A);
- (j) a capital guaranteed FHSA product.

**[8] Paragraph 7.9.09 (1) (c)**

*substitute*

- (c) annuity products; and
- (d) FHSA products.

**[9] Part 7.9, Division 4, after Subdivision 4.1**

*insert*

**Subdivision 4.2      Content of Product Disclosure  
Statements for First Home Saver  
Accounts**

**7.9.10 Application of Subdivision**

- (1) This Subdivision applies to:
  - (a) a person required to give a Product Disclosure Statement for an FHSA product; and
  - (b) a Product Disclosure Statement for an FHSA product.
- (2) However, if a Product Disclosure Statement consists of 2 or more documents, this Subdivision (other than regulation 7.9.10C) applies only to the document describing the default investment option for the product.

### 7.9.10A Definitions

- (1) In this Subdivision and in Schedule 10B:

***default investment option***, for a multiple investment option FHSA product, is the investment option which is applied to the product if the person who acquires the product does not choose an investment option.

***multiple investment option FHSA product*** means an FHSA product that has 2 or more investment options.

- (2) If a term used in this Subdivision or in Schedule 10B is used in the *First Home Saver Accounts Act 2008*, the term has the same meaning in this Subdivision or in Schedule 10B as it does in that Act.

*Note* The following terms used in this Subdivision or in Schedule 10B are defined in the *First Home Saver Accounts Act 2008*:

- contribution
- FHSA eligibility requirements
- FHSA holder
- FHSA provider
- FHSA trust
- Government FHSA contribution
- personal FHSA contribution
- qualifying interest.

- (3) In this Subdivision and in Schedule 10B, a provision of the Act modified in accordance with regulation 7.9.10B is referred to as ***modified***.

*Example*

Subparagraph 1013C (1) (a) (i) of the Act as modified by item 5.4 of Part 5 of Schedule 10A is referred to in this Subdivision as ‘modified subparagraph 1013C (1) (a) (i)’.

### 7.9.10B Modification of Act

For paragraph 1020G (1) (c) of the Act, Part 7.9 of the Act is modified in its application to FHSA products as set out in Part 5 of Schedule 10A.

**7.9.10C Product Disclosure Statement consisting of 2 or more documents**

- (1) For modified subsection 1013L (7) of the Act, a Product Disclosure Statement for an FHSA product must not consist of 2 or more documents.
- (2) However, the Product Disclosure Statement for a multiple investment option FHSA product may consist of 2 or more documents if:
  - (a) the document describing the default investment option complies with this Subdivision; and
  - (b) the other documents comply with the provisions of:
    - (i) the Act; and
    - (ii) regulations; and
    - (iii) any instruments made under the Act and the regulations;that would apply to those documents but for the operation of this Subdivision.

**7.9.10D Manner of giving Product Disclosure Statement**

- (1) For paragraph 1015C (5) (a) of the Act, if a person or the person's agent is given a Product Disclosure Statement personally, the Statement must be the first or only document given to the person or agent at that time.
- (2) For paragraph 1015C (5) (a) of the Act, if a Product Disclosure Statement is sent to the address or fax number of a person or the person's agent, the Statement must be the first or only document sent to the person or agent at that time, other than a covering letter or fax coversheet of no more than 1 page.

**7.9.10E Form and content of Product Disclosure Statement**

- (1) For modified subparagraphs 1013C (1) (a) (i) and (ii) of the Act, a Product Disclosure Statement must:
  - (a) include the information and statements mentioned in Schedule 10B; and
  - (b) be in the form mentioned in Schedule 10B.

- 
- (2) However, if strict compliance with subregulation (1) would result in the Statement being materially misleading, the Statement must contain explanations or qualifications so as to make the Statement no longer misleading.
  - (3) Subregulation (2) does not require explanation or qualification of a statement the text of which is specified in subitem 4 (1), 5 (1) or 6 (1) of Schedule 10B.
  - (4) Also, ASIC may determine, in writing, that a provision of this Subdivision or of Schedule 10B:
    - (a) does not apply to a Product Disclosure Statement for an FHSA product; or
    - (b) applies to a Product Disclosure Statement for an FHSA product as if specified provisions were omitted or modified as set out in the determination.

**[10] Paragraph 7.9.62 (3) (c)**

*after*

basic deposit product

*insert*

or an FHSA product

**[11] Paragraph 7.9.62 (3) (d)**

*after*

basic deposit product

*insert*

or an FHSA product

---

**[12] After regulation 7.9.74A**

*insert*

**7.9.74B Periodic statements — additional details for First Home Saver Accounts**

- (1) For paragraph 1017D (5) (g) of the Act, a periodic statement for an FHSA product must include the following words:

The First Home Saver Account is an Australian Government initiative to help Australians save for their first home.

- (2) For paragraph 1017D (5) (g) of the Act, a periodic statement for an FHSA product must state the number of financial years, after the end of the reporting period for the statement, during which the holder of the product must make personal FHSA contributions as required by the *First Home Saver Accounts Act 2008* for a payment to be made out of the product under section 32 of that Act.

- (3) However, if the number of years is 0, the periodic statement must state that the holder may, subject to the *First Home Saver Accounts Act 2008*, apply for payment from the product to acquire a qualifying interest in a dwelling.

- (4) In this regulation:

***personal FHSA contribution*** has the meaning given in section 11 of the *First Home Saver Accounts Act 2008*.

***qualifying interest***, in a dwelling, has the meaning given by section 12 of the *First Home Saver Accounts Act 2008*.



---

**[13] Schedule 10A, after Part 3**

*insert*

**Part 5 Modifications relating to First Home  
Saver Accounts**

**5.1 Subsection 946AA (4)**

*omit*

The

*insert*

Subject to subsection (5A), the

**5.2 Subsection 946AA (5)**

*omit*

The

*insert*

Subject to subsection (5A), the

**5.3 After subsection 946AA (5)**

*insert*

- (5A) Subsections (4) and (5) do not apply if the small investment advice is about a capital guaranteed FHSA product.

**5.4 Paragraph 1013C (1) (a)**

*substitute*

(a) must:

- (i) include the statements and information required by regulations made for this subparagraph; and
- (ii) be in the form required by regulations made for this subparagraph; and

---

**5.5 Subsection 1013C (1), note**

*omit*

**5.6 Subsection 1013C (2)**

*omit*

sections 1013D and 1013E

*insert*

subparagraph (1) (a) (i)

**5.7 After subsection 1013C (7)**

*insert*

- (8) Regulations made for subparagraph (1) (a) (i) or (ii) may authorise ASIC to determine or amend the statements and information included in, and the form of, a Product Disclosure Statement.

**5.8 Sections 1013D and 1013E**

*omit*

**5.9 Subsection 1013L (7)**

*substitute*

- (7) The regulations may:
- (a) prescribe circumstances in which a Product Disclosure Statement must not be made up of 2 or more documents; and
  - (b) impose additional requirements to be complied with if a Product Disclosure Statement is made up of 2 or more documents.

---

**5.10 Section 1013M, at the foot**

*insert*

*Note* A Product Disclosure Statement for an FHSA product cannot be combined with a Financial Services Guide in a single document — see subsection 942DA (3) and subregulation 7.7.08A (1A) of the *Corporations Regulations 2001*.

**5.11 After section 1013M**

*insert*

**1013N Combining Product Disclosure Statement and another document**

A Product Disclosure Statement must not be attached to, or combined with, another document.

*Note 1* A Product Disclosure Statement itself may be given as 2 or more documents in certain circumstances — see section 1013L and regulation 7.9.10C of the *Corporations Regulations 2001*.

*Note 2* A Product Disclosure Statement may be given to a person along with other documents, but must generally be the first document given — see regulation 7.9.10D of the *Corporations Regulations 2001*.

**5.12 Part 7.9, Division 2, Subdivision D**

*omit*

**[14] After Schedule 10AA**

*insert*

**Schedule 10B Form and content of Product Disclosure Statement for FHSA product**

(regulation 7.9.10E)

**Part 1 Form and content of Product Disclosure Statement — general**

**1 Length and font size for Product Disclosure Statement**

- (1) The length of a Product Disclosure Statement (including any title page, contents, glossary, index and other information not required by these Regulations) for an FHSA product must not exceed:
  - (a) if it is printed on A4 pages — 4 pages; or
  - (b) if it is printed on A5 pages — 8 pages; or
  - (c) if it is printed on DL pages — 12 pages; or
  - (d) otherwise — if the Statement was formatted to be printed on A4 pages, 4 A4 pages.
- (2) The minimum font size for text in the Statement is:
  - (a) for the name, address, ABN, ACN and AFSL of the person giving the Statement — 8 points; and
  - (b) for all other text — 9 points.

*Note 1* The Product Disclosure Statement must be worded and presented in a clear, concise and effective manner — see subsection 1013C (3) of the Act.

*Note 2* A person required to give a Product Disclosure Statement to a vision-impaired person must comply with its obligations under the *Disability Discrimination Act 1992*.

- (3) However, if the person who must be given the Statement requests or is entitled to expect that the Statement be given to him or her in a particular format, the Statement given to the person is taken to comply with subitem (1) if it would comply with that subitem in the format that the provider would have given but for the request or expectation.

*Example*

A vision-impaired person may request the Statement with a larger font size, and the Statement, when printed with that font size, exceeds 4 A4 pages in length.

## **2 Sections in a Product Disclosure Statement**

- (1) The Product Disclosure Statement must contain the following sections, which must be numbered and titled as follows:
1. Who can have a First Home Saver Account
  2. How the First Home Saver Account works
  3. How the Government helps you save
  4. *[no prescribed title]*
  5. What happens if your situation changes
  6. Using your savings for your first home
  7. The fees and costs *[or “The fees” if there are no costs]*
  8. How to open an account
  9. *[no prescribed title]*
- (2) The Product Disclosure Statement may contain other sections (for example, a table of contents, glossary, index, or information about the product issuer).

## **3 Product Disclosure Statement must be self-contained**

The sections of the Product Disclosure Statement mentioned in subitem 2 (1) must contain, in summary form, all information that a person would reasonably require for the purpose of making a decision whether to acquire the FHSA product.

---

#### **4 Contents of section 1 (Who can have a First Home Saver Account)**

- (1) Section 1 of the Product Disclosure Statement must contain the following text:

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 ('buy your first home'); 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 in a row.

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](http://www.ato.gov.au)

- (2) If section 1 of the Statement contains other text, the other text must come after, and be no more prominent than, the text mentioned in subitem (1).

## 5 Contents of section 2 (How the First Home Saver Account works)

- (1) Section 2 of the Product Disclosure Statement must contain the following text:

How you can use the savings in a First Home Saver Account

You can only use your savings in three ways:

1. to buy your first home
2. as money you can add into your 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 put money into your account the same way as you would make deposits into a normal bank account. You can do this at any time, and for as long as you need to save.
- You cannot salary sacrifice into your account.
- You do not need to put money in every year – but your account will only get Government contributions when you do.
- Once the total amount in your account reaches *[account balance cap]* – 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.

- (2) If section 2 of the Statement contains other text, the other text must come after, and be no more prominent than, the text mentioned in subitem (1).

---

## 6 Contents of section 3 (How the Government helps you save)

- (1) Section 3 of the Product Disclosure Statement must contain the following text:

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 *[Government FHSA contribution threshold]* in a financial year will get this Government contribution – anything over this amount will not.

For example, if you put *[Government FHSA contribution threshold]* into your account in one financial year, the Government will contribute *[Government FHSA contribution for Government FHSA contribution threshold]* 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 *[name of FHSA provider]* has told the Tax Office how much you have put in.

You are not taxed

- on the money you put into your account; or
- on the Government contributions; or
- when you withdraw your savings for your first home.

There is a low rate of tax on the interest your savings earn

- Any income that your investment earns will be taxed at a low rate of 15%. This tax will be deducted from your investment earnings and paid to the Tax Office.



- 
- (2) If section 3 of the Statement contains other text, the other text must come after, and be no more prominent than, the text mentioned in subitem (1).

## **7 Contents of section 4**

### *Section heading*

- (1) The heading to section 4 of the Statement must be relevant to its contents.

### *Financial details of product*

- (2) Section 4 of the Product Disclosure Statement must contain the following information:
- (a) if the product is an FHSA life policy or an FHSA trust — the composition of the investments of the product (for example, the percentage of cash, real property and shares in which money in the product will be invested);
  - (b) the nature of the return that the product may generate (for example, fixed interest, variable interest, rental income or capital gains);
  - (c) the current rate of return for the product after tax, or information about how the rate is calculated or where the rate can be found;
  - (d) if the balance of the product can decrease:
    - (i) summary information about the reasons for that decrease; and
    - (ii) a summary description of the likelihood of that decrease (for example, that the product is ‘low risk’).
- (3) However, if the product is a multiple investment option FHSA product, the Statement must contain:
- (a) the number of investment options; and
  - (b) the name of each investment option, set out in order of lowest risk to highest risk, and identification of the default investment option; and
  - (c) the information mentioned in subitem (2) for the default investment option; and

- 
- (d) either:
    - (i) the information mentioned in subitem (2) for each other investment option; or
    - (ii) details of where the information referred to in subparagraph (i) can be found.
  - (4) The rate of return for the FHSA product must be calculated after applicable fees and taxes.

*Worked example of balance changing over time*

- (5) A Product Disclosure Statement for an FHSA deposit account must also contain:
  - (a) a worked example of how the balance of the account will change over 4 financial years, with the balance at the end of the period after fees and taxes rounded to the nearest multiple of \$1 000, using the following assumptions:
    - (i) the assumptions mentioned in paragraphs 16 (5) (a), (c), (d) and (f);
    - (ii) the holder of the product makes weekly contributions to the product, each of \$100;
    - (iii) the product earns a rate of return of 5% per year, after fees and taxes; and
  - (b) a warning that the rate of return used for the example may not be the same as the rate of return of the product.
- (6) A Statement for an FHSA life policy or an FHSA trust may contain a worked example of how the balance of the product will change over 4 financial years, with the balance at the end of the period after fees and taxes rounded to the nearest multiple of \$1 000, using the following assumptions:
  - (a) the assumptions mentioned in paragraphs 16 (5) (a), (c), (d) and (f);
  - (b) the holder of the product makes weekly contributions to the product, each of \$100;
  - (c) the product either:
    - (i) has no earnings; or
    - (ii) earns a rate of return that is reasonable for the product, after fees and taxes.

- 
- (7) A Statement that contains an example mentioned in subitem (6) must also contain:
- (a) if the example has no earnings — a statement that the balance of the product may be increased or decreased by its earnings; or
  - (b) if the example earns a rate of return — a warning that the rate of return used for the example may not be the same as the rate of return of the product.

## **8 Contents of section 5 (What happens if your situation changes)**

Section 5 of the Product Disclosure Statement must contain summary information about the effects on the product or the interests of the holder of the product if the holder:

- (a) ceases to meet the FHSA eligibility requirements; or
- (b) fails to make a contribution to the product; or
- (c) needs to take money out of the product to alleviate financial hardship; or
- (d) does not acquire a qualifying interest in a dwelling after withdrawing the money in the product; or
- (e) acquires a qualifying interest in a dwelling less than 4 years after acquiring the product; or
- (f) ceases to be resident in Australia.

## **9 Contents of section 6 (Using your savings for your first home)**

- (1) Section 6 of the Product Disclosure Statement must contain summary information about:
- (a) what actions the holder of the product must take when the holder decides to acquire a qualifying interest in a dwelling using the money in the product; and
  - (b) what happens when the holder takes the actions mentioned in paragraph (a).

- (2) Section 6 must also contain a statement that the holder of the product must live in the dwelling for at least 6 months that commences within 12 months after its acquisition or completion of its construction.

## **10 Contents of section 7 (The fees and costs)**

- (1) Section 7 of the Product Disclosure Statement must include:
  - (a) information on the fees and costs that an FHSA holder may be charged on the FHSA product; and
  - (b) an example of the overall cost of the FHSA product; and
  - (c) if the Statement is for an FHSA life policy or an FHSA trust — the consumer advisory;as set out in Part 2.
- (2) However, if the product is a multiple investment option FHSA product, the Statement must contain:
  - (a) the information required by subitem (1) for the default investment option; and
  - (b) if another investment option is detailed in the Statement — the information required by subitem (1) for that investment option; and
  - (c) either:
    - (i) the information required by subitem (1) for each other investment option; or
    - (ii) details of where the information referred to in subparagraph (i) can be found.
- (3) Also:
  - (a) if a fee or cost mentioned in Part 2 is not charged, the Statement does not need to include information relating to the fee or cost; and
  - (b) if no fees or no costs are charged at all, the Statement must state that.

**11 Contents of section 8 (How to open an account)**

Section 8 of the Product Disclosure Statement must contain information about:

- (a) how to acquire the product; and
- (b) the effect and length of the cooling-off period; and
- (c) how money from the product can be transferred to another FHSA product.

**12 Contents of section 9**

- (1) Section 9 of the Product Disclosure Statement must contain the following information:

- (a) the name and address of the FHSA provider;
- (b) the address of an Internet page, and a phone number, operated by or for the provider from which a person can obtain further information about the product;
- (c) the dispute resolution system that covers complaints by holders of the product and how that system may be accessed.

- (2) Section 9 must also contain the following text:

First Home Saver Account enquiries

Information about how First Home Saver Accounts work, eligibility, fees and taxes, and links to savings calculators and other useful online tools.

visit [www.ato.gov.au](http://www.ato.gov.au)

**Part 2 Information on fees and costs****13 Definitions**

- (1) In this Part:

**ADI** (short for authorised deposit-taking institution) means a body corporate that is an ADI for the purposes of the *Banking Act 1959*.

***small unusual cost*** means a fee or cost charged on an FHSA product that:

- (a) does not relate to the ordinary acquisition, operation or closure of the product; and
- (b) is less than \$10.

*Examples for paragraph (a)*

A fee for a duplicate statement, or a dishonoured cheque fee.

- (2) If a term used in this Part is defined in Part 1 of Schedule 10, it has the same meaning in this Part as it has in Schedule 10.

## **14 Presentation of information on fees and costs**

### ***Terminology***

- (1) If this Part requires that information about a fee or cost be included in a Product Disclosure Statement, the Statement must use the term for that fee or cost that is used in this Part or Part 1 of Schedule 10.

*Example*

A fee which is an establishment fee as defined in item 101 of Schedule 10 must be referred to in a Product Disclosure Statement as an “establishment fee”.

- (2) However, if the Statement is for an FHSA deposit account offered or issued by an ADI, the Statement may use the term for a fee or cost of that kind that is ordinarily used by the ADI for that kind of account.

*Example*

A bank may call an establishment fee for its savings accounts an ‘account opening fee’.

### ***Manner in which fees and costs are to be expressed***

- (3) If this Part requires that an amount of a fee or a cost be included in a Product Disclosure Statement, the amount must be expressed as:
  - (a) a dollar amount; or
  - (b) if the amount of the fee or cost is not fixed — a range of dollar amounts; or

- 
- (c) if the amount of the fee or cost is a fixed percentage of the balance of the account — that fixed percentage.
  - (4) However, if ASIC is satisfied that, for a compelling reason, it would be unreasonable for a fee or cost to be expressed as required by subitem (3), ASIC may determine, in writing, the manner in which the fee or cost is to be expressed.

*Negotiable fees and costs*

- (5) If a fee or cost is negotiable, the Statement must clearly indicate that fact, and detail where information may be found about when and how the fee or cost may be negotiated.

## **15 Information on fees and costs**

- (1) For each fee or cost charged on an FHSA product, other than a small unusual cost, the Product Disclosure Statement must include the information set out in subregulation (2).
- (2) The fees and costs must be presented in the following order, and include the following information:
  - (a) establishment fee — the amount of the fee;
  - (b) contribution fee — the amount of the fee;
  - (c) management costs:
    - (i) a summary description of the services or functions the costs relate to; and
    - (ii) when the costs are charged; and
    - (iii) the amount of the costs; and
    - (iv) if the amount of the costs is not fixed — how the amount is calculated; and
    - (v) if there is a minimum or maximum amount of the costs in a given period of time — the amount and the period of time;
  - (d) termination fee — the amount of the fee;
  - (e) buy-sell spread:
    - (i) a summary description of what the spread relates to; and
    - (ii) when the spread is charged; and

- 
- (iii) the amount of the spread and how it is calculated;
  - (f) service fees:
    - (i) a summary description of the services the fees relate to; and
    - (ii) when the fees are charged; and
    - (iii) the amount of the fees; and
    - (iv) if the amount of the fees is not fixed — how the amount is calculated; and
    - (v) if there is a minimum or maximum amount of the fees in a given period of time — the amount and the period of time;
  - (g) any other fee or cost (*indirect costs*) charged on the FHSA product:
    - (i) a summary description of the fee or cost and what it relates to;
    - (ii) when the fee or cost is charged;
    - (iii) the amount of the fee or cost;
    - (iv) if the amount of the fee or cost is not fixed — how the amount is calculated;
    - (v) if there is a minimum or maximum amount of the fee or cost in a given period of time — the amount and the period of time.

*Note* A fee or cost which is not charged does not need to be included in the Statement — see subitem 10 (3).

- (3) The information mentioned in subitem (2) may be presented in narrative form, in a table, or in any other form that enables it to be easily understood and compared with similar information about like products.
- (4) The Statement must also detail where:
  - (a) further information about fees and costs; and
  - (b) information about small unusual costs;may be obtained.



## 16 Example of overall cost

- (1) The Product Disclosure Statement must include an example of the fees and costs that may be charged on the FHSA product over the life of the product (the product's *overall cost*).
- (2) For subitem (1), the overall cost of the FHSA product is the sum of the following fees and costs applicable to the product, when those fees and costs are worked out over the life of the product using the FHSA assumptions:
  - (a) establishment fee;
  - (b) contribution fees;
  - (c) management costs;
  - (d) termination fee;
  - (e) buy-sell spread;
  - (f) service fees;
  - (g) indirect costs.
- (3) For paragraph (2) (g), the indirect costs for an FHSA product are the sum of the annual indirect costs for each of the 4 financial years that the FHSA product exists under the FHSA assumptions.
- (4) For subitem (3), the annual indirect costs for a year are worked out as follows:

$$\text{ICR} \times \text{average balance}$$

where:

**ICR** has the meaning given in item 104 of Schedule 10.

**average balance** is the average balance, when the FHSA assumptions are applied, of the FHSA product during the year .

- (5) For this item, the **FHSA assumptions** are the following assumptions:
  - (a) the product commences on the first day of a financial year, with a balance of \$100;
  - (b) the holder of the product makes equal weekly contributions to the product, amounting to \$5 000 per financial year;

- 
- (c) the Commonwealth makes Government FHSA contributions to the product:
- (i) on 30 November after the end of each financial year, other than the financial year in which the product is closed; and
  - (ii) at the start of the day on which the product is closed;
- (d) no money is withdrawn from the product (other than for payment of fees and taxes) until it is closed;
- (e) the product earns a rate of return of 5% per year after taxes, but before fees and costs;
- (f) the product is closed, and the balance is withdrawn electronically by the holder for the acquisition of a qualifying interest in a dwelling, at the end of the last day of the financial year that is 3 financial years after the product commenced.
- (6) The example of overall cost must be in the following format, with all fees and cost amounts rounded to the nearest multiple of \$10:

Example of the fees and costs

If you put \$20,000 into your account over 4 years, our fees and other costs will total about *[insert overall cost as a dollar amount]*. The fees and costs in this example are made up of:

- establishment fee: *[\$insert establishment fee amount in dollars]*
- contribution fees: *[\$insert contribution fees amount in dollars]*
- management costs: *[\$insert management costs amount in dollars]*
- termination fee: *[\$insert termination fee amount in dollars]*
- other fees: *[\$insert sum of other fees and costs applicable to the product in dollars]*

*[For FHSA life policies and FHSA trusts, include the following:]*

This is equal to *[insert the equivalent percentage of the product's average annual balance that would generate that dollar amount, rounded to one decimal place ("overall cost ratio")]* of the account balance per year.

---

*[For multiple investment option FHSA products, include the following:]*

These fees are based on *[name of investment option to which assumptions have been applied]*.

## **17 Consumer advisory**

The Product Disclosure Statement for an FHSA life policy or an FHSA trust must include the following statement:

Compare the fees and costs

Use the above example of *[overall cost ratio]* in fees and costs to make a broad comparison with the fees and costs of other *[insert general description, e.g. bank account, life insurance policy, investment-linked]* First Home Saver Accounts.

---

### **Note**

1. All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003*. See <http://www.frli.gov.au>.