

# First-Time Homebuyer Savings Account

## UNLOCKING HOMEOWNERSHIP FOR MISSISSIPPIANS



### What is it?

A savings account for first-time homebuyers that offers tax advantages for individuals up to \$2,500 a year and up to \$5,000 a year for couples.



### Who is it for?

Any Mississippian who has never purchased, owned, or partially owned a home in Mississippi or any other state.



### Where can I create an account?

You can create a First-time Homebuyer Savings Account at any bank, credit union, or other financial institution licensed to do business in Mississippi. It can be a cash deposit account or money market account.



### Why would I want to create one?

When you are ready to buy a single-family home, you will have money saved to help make the purchase. Plus, money deposited in the account is deductible from state income, which lowers your tax bill. Interest earned on the deposits is also free from state income tax.



### When can I create one?

You can open a First-time Homebuyer Savings Account and start saving today. You can start taking a tax deduction when you file for 2018 taxes.



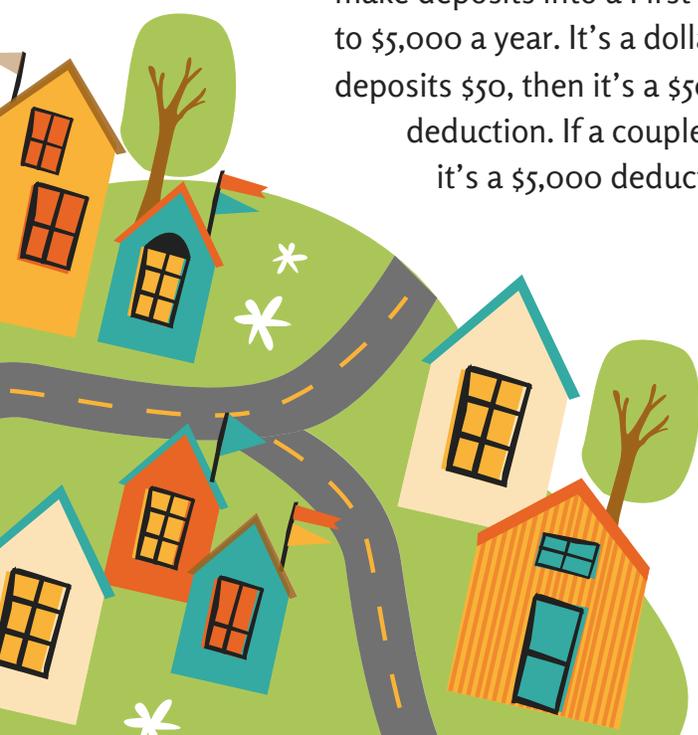
### How does it work?

Individuals can deduct up to \$2,500 from their state adjusted gross income when they make deposits into a First-time Homebuyer Savings Account. Couples can deduct up to \$5,000 a year. It's a dollar-for-dollar deduction up to the limits. (i.e., if an individual deposits \$50, then it's a \$50 deduction. If an individual deposits \$3,000, it's a \$2,500 deduction. If a couple deposits \$50, it's a \$50 deduction. If a couple deposits \$6,000, it's a \$5,000 deduction.)



### What homes are eligible?

Eligible single-family homes include newly-constructed homes, existing homes, manufactured homes, modular homes, mobile homes, condominium units, or cooperatives.





## What can savings be used for?

Savings can be used for down payments, loan origination charges, appraisal fees, credit report fees, flood certifications, title charges, deed charges, and other closing costs listed on the settlement statement of a first-time home purchase.



## How long may I keep my account open?

Your account can stay open year after year until you decide to buy your first home in Mississippi as long as the account holder is a qualified first-time homebuyer.



## Is there a limit on how much money I can save?

No. Every year, individual filers can save up \$2,500. Married couples filing jointly can save up to \$5,000 every year. Deposits can be made year after year so long as at least one (1) qualified account holder remains alive.



## Can I put more than \$2,500 or \$5,000 into my First-time Homebuyer Savings Account one year?

A single account holder and married couples filing jointly can deposit more than stated limits each year, but the excess money is not eligible for a tax deduction and is treated as ordinary income.



## Can I make First-time Homebuyer Savings Account contributions to an existing account that contains funds held for a different purpose?

No, First-time Homebuyer Savings Account must be a new, separate account designated for a first-time home purchase in Mississippi through a qualified financial institution.



## How do I take the deduction with the Mississippi Department of Revenue?

The Department of Revenue is creating forms to report First-time Homebuyer Savings Account contributions beginning with the 2018 tax return.



## Do I pay Mississippi taxes when I make a withdrawal from my First-time Homebuyer Savings Account?

No, as long as the money is used for a down payment or allowable closing costs of a first-time home purchase in the state of Mississippi by a qualified beneficiary. However, the deposits are still subject to federal taxes, depending on your individual tax situation. Annual earned interest on the accounts is also subject to federal tax.



## Does the financial institution have to file any new paperwork?

No. The account holder is responsible for ensuring his or her eligibility and filing the appropriate tax forms. The financial institution will issue a 1099 as it normally would for any interest-bearing deposit account.