



HOME Money Market Account Frequently Asked Questions

State Bank & Trust Company is proud to be a participant in Mississippi's First-time Homebuyer's Savings Program – and to offer very competitive rates on a special money market account to help you save for your first home.

What is it?

It's a savings tool for first-time homebuyers that offers tax advantages as you save for your first home. Individuals can contribute up to \$2,500 a year. Couples can contribute up to \$5,000 a year.

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?

With as little as \$100.00, you can open a HOME Account (Money Market Account) at any State Bank & Trust Company branch located in Mississippi.

Is there a fee for my State Bank HOME account?

There is no monthly fee or minimum balance to maintain. However, the account is limited to six withdrawals per statement cycle. Withdrawals in excess of six will incur a fee of \$10.00 per item.

Why would I want to create a HOME Account?

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 a HOME Account?

You can open a HOME Account and start saving today. You can start taking a tax deduction beginning in the 2018 tax year.

How does it work?

Beginning in 2018, individuals can deposit up to \$2,500 into their State Bank HOME Account and deduct that same amount from their state adjusted gross income when filing their 2018 tax returns. Couples can deposit and deduct up to \$5,000 a year.

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 my 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.



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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 HOME 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 HOME Account contributions to an existing account that contains funds held for a different purpose?

No, First-time Homebuyer Savings Accounts must be a new, separate account designated for a first-time home purchase in Mississippi through a qualified financial institution such as State Bank & Trust Company.

Do I pay Mississippi taxes when I make a withdrawal from my HOME 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.

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.

What if I use the money for something other than a first-time home purchase?

The amount withdrawn for an unqualified use is taxed as gross income and also assessed a 10 percent penalty. The penalty will be waived if 1) the account holder dies, 2) the account holder becomes disabled, 3) the balance is disbursed as part of bankruptcy filing, or 4) the balance is transferred to another First-time Homebuyer Savings Account.

Can I open an account for a child or grandchild?

Yes; the law defines an "account holder" as an individual who establishes a savings account individually or jointly with one or more other individuals. A grandparent can open a State Bank HOME Account with a grandchild. The grandchild, as a qualified beneficiary, could claim first-time homebuyer savings account status on his or her Mississippi income tax return when he or she qualifies to file one.

What if the account holder dies?

If the account holder who is a qualified beneficiary dies and there is no other qualified beneficiary on the account, the money in the account can be withdrawn by the surviving joint account holder or the



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legal heir of the deceased. The ten percent penalty will be waived, but the money may be subject to tax as gross income.

What if I move out of Mississippi or purchase a house outside of Mississippi?

Your account can remain open if you move out of state. However, the savings only can be used for an eligible purchase in Mississippi. If the money is withdrawn for an unqualified use, it will be subject to gross income tax and a 10 percent penalty.

Do I pay federal taxes on the money?

Deposits to the HOME Account are exempt from state taxes up to the annual limit. However, the deposits are still subject to federal taxes, depending on your individual tax situation. Annual earned interest on the accounts is also exempt from state tax, but is still subject to federal tax. (See Figure 1.)

Does State Bank & Trust Company have to file any new paperwork?

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

Can State Bank & Trust Company help me with financing options once I'm ready to purchase my first home?

Absolutely! Let us educate you now on things that will prepare you for making that first purchase. Talk with one of our mortgage specialists today.

**Figure 1:
Federal and State tax chart**

	Federal	Mississippi
Contribution to a First-time Homebuyer Savings Account	No effect	Deductible up to \$2,500 for individuals & \$5,000 for couples
Interest on First-time Homebuyer Savings Account	Taxable	Not Taxable
Withdrawals for Eligible Expenses	No effect	Not Taxable
Withdrawals for Ineligible Expenses	No effect	Taxable
Penalty for Ineligible Withdrawal	Not Deductible	Not Deductible

Disclaimer:

This FAQ provides general information and should only be used for general information purposes. This FAQ is not intended to be, and should not be considered, legal or financial advice. Any questions should be directed to a properly qualified legal, tax or financial advisor.

More information is available at www.FirstHomeMS.org.

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