

Montana First Time Home Buyers Savings Accounts

Are you saving money for the purchase of your first home? “If so, you should be aware that Montana allows you to have a special savings account to pay for eligible home buyer expenses and receive a reduction in your Montana state income taxes,” says MSU Extension Family Economics specialists. The maximum amount that can be used to reduce Montana taxable income, however, is limited to \$3,000 annually for each taxpayer.

As long as the money is left in the first time home buyer savings account (or withdrawn for eligible expenses), it is not subject to income taxation at the state level. For example if you have an taxable income of \$39,000 and open a first time home buyer account with \$3,000, your Montana income is reduced by that amount. “Thus your Montana income taxes are figured on \$36,000 not \$39,000 resulting in a reduction of taxes by about \$207,” emphasizes Joel Schumacher, MSU Extension Economics Specialist.

“First time home buyer savings accounts can be established at a bank, a savings bank, a credit union, a trust company, a mutual fund company or with a brokerage firm,” points out Marsha Goetting, MSU Extension Family Economics Specialist. The account must be kept separate from all of your other financial accounts. It must be maintained specifically for the purchase of a single-family home.

For further information request “Montana First-Time Home Buyer Savings Account” MSU Extension MontGuide 9918 from your County Extension Office. You can download the information from the web at <http://msuextension.org/publications/FamilyFinancialManagement/MT199918HR.pdf>. Or you can send your request to Extension Economics, PO Box 172800, Bozeman, MT 59717, phone: 406-994-3511, or email: khayes@montana.edu.