

# FIRST HOME SAVINGS ACCOUNT (FHSA)



**\$8,000**

Annual tax-deductible contribution limit per person

**\$40,000**

Maximum lifetime amount & down payment per person

**add up the cumulative benefits available**

Combined Federal Government Programs for First Home Buyers

## Flexibility and options

### CARRYFORWARD

Carryforward unused amounts up to **\$8000** once account has been opened

### TRANSFERS

(including from one FHSA to another)

Can transfer funds from **RRSP** on a rollover basis up to FHSA limits

May transfer unused funds to **RRSP or RRIF** tax free; no impact on RRSP contribution room

Only Spouse/common law partner may be:

- named as successor holder
- transfer to their **RRSP or RRIF** if ineligible for FHSA

### WITHDRAWALS

Withdrawals tax free if used to purchase first home only; and then not included in net income

### PLUS THESE FEDERAL PROGRAMS

- home buyers plan **\$35,000**
- 1st time home buyers tax credit up to **\$10,000**
- 1st time home buyers incentive (avail to Mar. 31, 2025) **5% or 10%** towards purchase. Share equity. Lower mortgage payments.

## Eligibility

1

### First time buyer

Did not occupy home you owned during any part of calendar year before making withdrawal or in previous 4 years

### Resident of Canada

Must be Canadian resident at time of purchase. Non-residents may contribute to existing plan; must be a Canadian resident to make a tax free withdrawal

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### Location of home

Qualifying home must be housing unit located in Canada; includes share in cooperative housing corp. that entitles possession and has equity interest

### Primary resident

You must be primary resident of home within one year of purchase or after built

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### Age

18-71

### Agreement

Must have written agreement to buy or build qualifying home before Oct. 1 of year following year of withdrawal

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## Qualifying investments

Prohibited and non-qualified investment rules applicable to other registered plans apply

- ✓ GICs/term deposits
- ✓ Savings accounts
- ✓ Bonds
- ✓ ETFs
- ✓ Equities/stocks
- ✓ Mutual funds
- ✓ Segregated funds



## Other considerations



### 15 year time limit

Up to Dec. 31 of the 15th year after opening account and up to age 71



### Excess contributions

penalty of 1% per month Carries over to surviving spouse who takes over account



### Non qualifying withdrawals

included in taxpayer's income and taxable



### Deductions

Not required to claim deduction for tax year in which contribution is made Can be carried forward



### Spousal contributions

Deductions only available if you contribute to your own plan. No attribution rules if contributing funds transferred from spouse



### Marital breakdown

Split amounts transferred directly to other party's FHSA, RRSP or RRIF



### Beneficiary on death

if other than spouse, taxable to beneficiary and withholding tax

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