



The new tax-free **FIRST HOME SAVINGS ACCOUNT**

The FHSA combines the features of an RRSP and TFSA to give prospective homeowners some tax relief and a boost toward their homeownership goals.

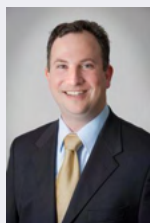
For those who are in the saving stage of their homebuying journey, there is no downside to the FHSA as a savings vehicle. You'll get the tax deduction on contributions, like an RRSP, and the tax-free growth and withdrawal of funds when it's time to purchase a home. If the home purchase doesn't materialize, funds can be transferred to an RRSP or RRIF tax-free and added to a retirement nest egg.

The FHSA does not replace the existing RRSP Home Buyer's Plan but provides another tax-advantaged home-savings opportunity for Canadians buying their first home. Unlike the RRSP Home Buyer's Plan, however, the FHSA does not require that funds withdrawn from the account be repaid.

There are numerous eligibility requirements, and rules and conditions. If you'd like to know more about this new program, or any of the other first-time homebuyer programs available, contact me today!

HERE ARE THE HIGHLIGHTS OF THE NEW FHSA:

- Account holders can contribute up to \$8,000 annually, starting in 2023, up to a lifetime maximum of \$40,000
- Account holders will be allowed to carry forward up to \$8,000 of unused annual contributions to use in a later year (subject to the lifetime contribution limit). Carry-forward amounts do not start accumulating until after you open an FHSA.
- Just like an RRSP, contributions made to an FHSA are tax deductible.
- Like a TFSA, funds can be withdrawn from an FHSA tax-free – provided the funds are used for a qualifying home purchase.
- Transfers can be made from an RRSP to an FHSA but are subject to the annual contribution limit of \$8,000. However, when money is transferred from an RRSP to an FHSA there is no adjustment to available RRSP contribution room
- Transfers can be made from an FHSA to an RRSP or RRIF if not purchasing a home and this will not affect RRSP contribution room – essentially giving qualified account holders an additional \$40,000 in RRSP contribution room.



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