

RRSP Contributions as a First Time Home Buyer

First time home buyers don't always know all of the facts and perks of being a first-time home buyer. If they are not putting money in an RRSP or do not have an RRSP account yet they may be missing out on some great benefits that could get them into home ownership 6-12 months faster just by working with an experienced mortgage broker like myself.

RRSP accounts are a retirement savings accounts that generally is money you invest now and have accessible to you in your later years.

The key benefit to putting money into an RRSP in your younger working years is that money contributed to these accounts provide you some income tax relief when you file your annual income taxes with Canada Revenue.

4 key rules for RRSP and first time buyers to note:

- A maximum of \$35,000.00 can be pulled from an RRSP account
- funds deposited must sit in the RRSP account for 90 days to be able to get the full tax benefits.
- funds pulled MUST be paid back over a 15 year term – CRA will let you know how much each year
- in order to qualify for this program to use your RRSP you must have either never owned a home before OR not lived in a home you or a spouse has owned in 4 or more years

Here is an example of what it might look like*:

Your annual income	\$	90,000.00
Your annual income tax % paid		26%
Purchase price you want	\$	300,000.00
1% of 300k to cover lawyers, moving costs etc	\$	3,000.00
5% down payment needed	\$	15,000.00
Total funds needed to buy	\$	18,000.00

IF YOU JUST KEEP SAVING \$500/mth AND NO RRSP CONTRIBUTION		
Money you have saved/access to	\$	13,000.00
Income Tax Refund without RRSP	\$	0.00
Time needed to save the rest: \$500 x 10 months	\$	5000.00
November - ready to buy	\$	18,000.00

INVEST SAVED FUNDS TODAY INTO RRSP + KEEP SAVING \$500/mth		
Invested amount into RRSP	\$	13,000.00
Income Tax Refund (13k x 26% income tax rate)	\$	3,380.00
ADD saved monthly \$500 x 4 months	\$	2,000.00
May - ready to buy	\$	18,380.00

*Please note this is a scenario. Please chat with your accountant or tax professional to confirm your exact returns to expect.

Would you rather buy in the spring/summer market? Or wait until the end of year and buy in the winter in the cold potentially?

*Even if you do not have a lot of saved money yet there are still options that allow you to borrow money to put into the RRSP account! Call me to get more info on this.

The key thing to note is that **the last day to contribute money into an RRSP to still count towards your previous year's tax return year and have it count towards your previous tax year is February 28^t**. It is key that we speak very soon to ensure you get the most out your RRSP!

Contact me today to get more information catering to your specific needs, to update or start your pre-approval and get you ready to become a home owner sooner!

If you know of anyone in need of this information, please feel free to forward this information.



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I'm never too busy for you, your friends or family members. Referrals are the backbone of my business, and your support is always appreciated. My goal is to make them as happy as you were with my service.