

Are you a first-time homebuyer looking to save for your dream home?



We're excited to announce that the First Time Home Savings Account (FHSA) is now available, starting from April 1, 2023.

The FHSA is a tax-free savings account that combines the best parts of a Tax-Free Savings Account (TFSA) and a Registered Retirement Savings Plan (RRSP). Contributions made to the account, up to a certain limit, are tax-deductible, similar to an RRSP. The earnings and withdrawals from the account are tax-free, as long as they are used towards the purchase of your first home. This means that you can save money on taxes while you save up for your dream home.

Here are some key features of the FHSA:

- You must be a Canadian citizen, 18 years or older, and a first-time homebuyer to be eligible to open an FHSA.
- The maximum contribution limit is \$8,000 per year, up to a maximum of \$40,000.
- The FHSA expires after 15 years or when you turn 71 years old.
- If you overcontribute, you will pay a tax of 1% on the highest excess amount for each month it is over the limit.
- We believe that the FHSA is an excellent option for first-time homebuyers who want to save for their down payment while taking advantage of tax savings.

View the chart below for the Comparison between the First Home Savings Account and the RRSP Home Buyers Plan:

	First Home Savings Account (FHSA)	RRSP Home Buyer's Plan (HBP)
Eligibility	<ul style="list-style-type: none"> • A Canadian resident • 18 years or older • A first-time home buyer 	<ul style="list-style-type: none"> • A Canadian resident • 18 years or older • A first-time home buyer
Contribution limit	\$8,000/year per person (\$40,000 lifetime limit)	RRSP: The lesser of the following: <ul style="list-style-type: none"> • 18% income from previous year • Annual RRSP limit Plus: Any unused contribution room from previous years up to the annual RRSP limit. HBP: \$35,000 per person
Withdrawal amount	No limit (qualifying withdrawals are tax-free for a home purchase)	\$35,000 per person (qualifying withdrawals are tax-free for a home purchase)
Repayment	No repayment	<ul style="list-style-type: none"> • Repayment starts in the second year after the year in which you withdraw the funds. You have 15 years to pay it back. • Repayment of a minimum 1/15th of the withdrawal amount every year.

If you have any questions, please don't hesitate to contact me!



Cheryl Wilkes
780-909-3659

Mortgages@cherylwilkes.com
<https://www.cherylwilkes.com/>