

Home Buyers' Plan

SECURITIES



Dreaming of buying your first home?

The Home Buyers' Plan makes it possible.





As the price of real estate continues to rise, buying your first home can seem increasingly out of reach. The Home Buyers' Plan (HBP) enables you to withdraw tax-free funds from your RRSP to buy or build a qualifying first home, then pay it back over 15 years.

The basics

What you need
to know
about HBPs.

Eligibility

To be eligible for the Home Buyers' Plan, you must be a first-time home buyer and enter into a written agreement to buy or build a qualifying Canadian home — this home must be your principal residence.

Tax-free withdrawal

You can withdraw up to \$25,000 from your RRSP to help finance your first home purchase. These funds are withdrawn tax-free.

Repayment

Home Buyers' Plan funds must be paid back to your RRSP account in annual minimum amounts over 15 years. Most home buyers pay back 1/15 of the original withdrawn amount each year.

RRSP or real estate?

By withdrawing funds from your RRSP through the Home Buyers' Plan, you are forgoing the investment income and related tax-deferred compounding of that income during the time that this money would have been in your RRSP. That means, ultimately, there will be less money in your RRSP account than if you had not withdrawn the funds. This doesn't necessarily mean that withdrawing funds to buy a home is a poor strategy, as the funds you use from your RRSP may actually be worth more if the value of your home increases.

FAQ5

Five questions and answers about RRSPs

1 Can my spouse and I both withdraw from our RRSPs for the same home?

Yes. In fact, any two people – not just spouses – can do so to purchase the same home, as long as it is the principal residence for both.

2 What if I've previously owned a home?

You are not eligible to use the Home Buyers' Plan if you've previously owned a home, or lived in a home owned by your spouse, in any of the five calendar years before the time you want to make an Home Buyers' Plan withdrawal.

3 What if I can't repay the annual minimum amount in any given year?

If you don't make the repayment, the amount is included as income for that year and you'll have to pay tax on the amount.

4 What if I lose track of how much I owe?

A Home Buyers' Plan Statement of Account is included with your annual Canada Revenue Agency notice of assessment.

5 Do I still have to repay if my RRSP deduction limit is zero?

Yes. Even if you're not eligible to contribute to your RRSP based on your income, you must still designate an RRSP contribution as repayment of the annual minimum amount under the Home Buyers' Plan.

Did you know?

Since 1992, over
2 million
Canadians have
borrowed over
\$15 billion
from their RRSP
savings to buy their
first home.

(Source: Canadian Real Estate Association)

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The average age of a first-time home buyer in
Canada is 29 and they'll make a down payment of
\$50,576.

(Source: Genworth Canada - <http://homeownership.ca/homeownership/are-you-the-average-first-time-homebuyer-in-canada>)

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Almost **1.8** million Canadians participate in the
Home Buyers' Plan, according to the latest available
numbers from the Canada Revenue Agency.

(Source: Canadian Mortgage Trends - <https://www.canadianmortgagetrends.com/2013/02/disappointing-new-stats-on-the-rrsp-home-buyers-plan>)

The Home Buyers' Plan puts buying a first home within reach for many Canadians. Speak to an iA Securities Investment Advisor to learn more.

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