First homes savings account

To be eligible to open a FHSA, a person must be a Canadian resident, 18 years or older and a ‘First Time Home Buyer’. According to financial institutions, individuals are carrying a lot of debt, and these newfound savings can then grow in the home by allowing account holders to contribute, invest and save tax efficiently. If the funds are used to purchase a ‘qualified home’ otherwise, funds can be transferred out of an RRSP or RIFF and are withdrawn and not taxed towards the purchase of a first home, must be used to purchase a ‘qualified home’. If funds are not rolled to an RRSP or RIFF and are withdrawn and not taxed. Withdrawals would be taxed as income. A withdrawal account can be claimed as a deduction against taxable income.

The First Home Savings Account (FHSA) was an account introduced in the Federal Budget, and now available starting in 2023. It is a new type of registered savings account that allows Canadians to save towards their first home. The account is similar to an RRSP or RIFF but is designed specifically to help Canadians save towards their first home. The account offers some unique features:

- Contributions are eligible for a government contribution of up to 35% of the first $40,000 contributed (subject to income level).
- Contributions are tax deductible.
- Withdrawals to buy a qualifying home are tax free.
- Withdrawals are eligible for a government contribution of up to 25% of the total withdrawal amount.

This could be a great way to save towards the purchase of a first home. The FHSA is available to individuals who are Canadian residents, 18 years or older and a ‘First Time Home Buyer’.

For more information please contact me at 403-274-4170 or email me at matt.solberg@4r.com or 403-504-2740.