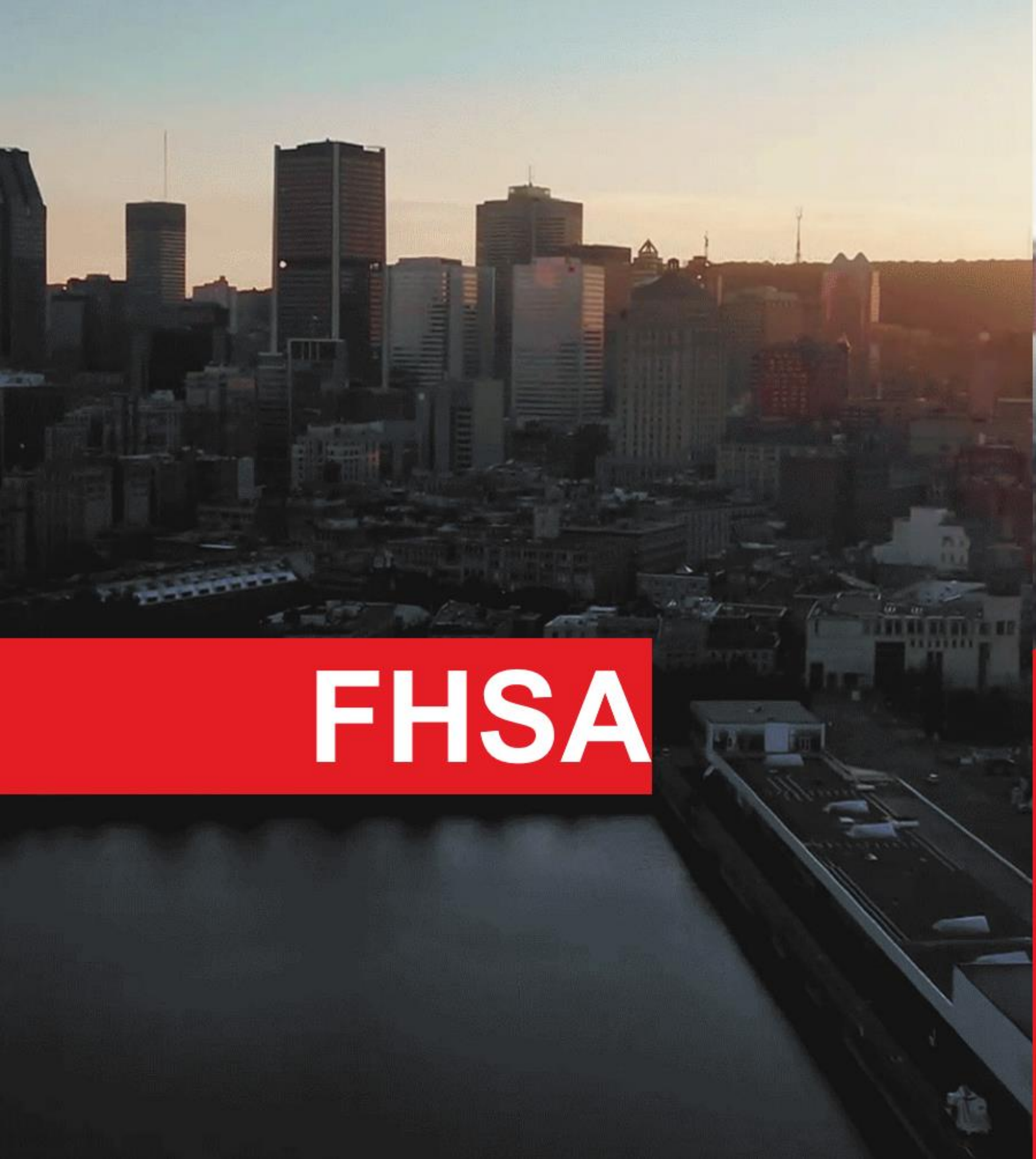
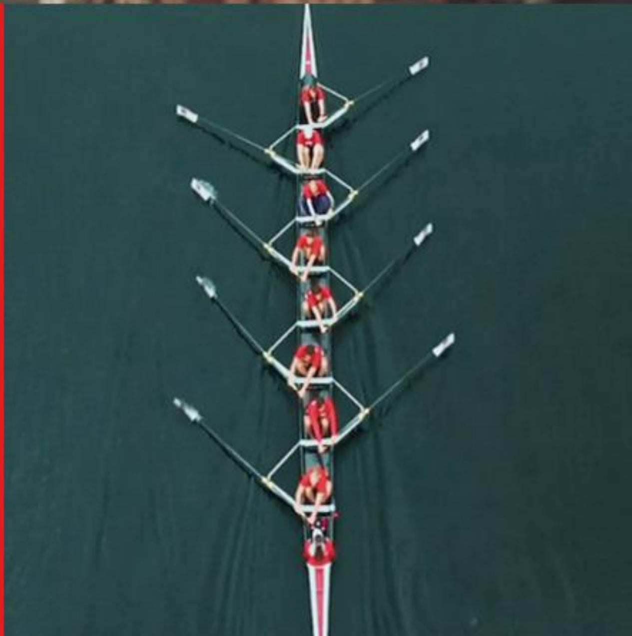
NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT



FHSA



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What’s an FHSA?

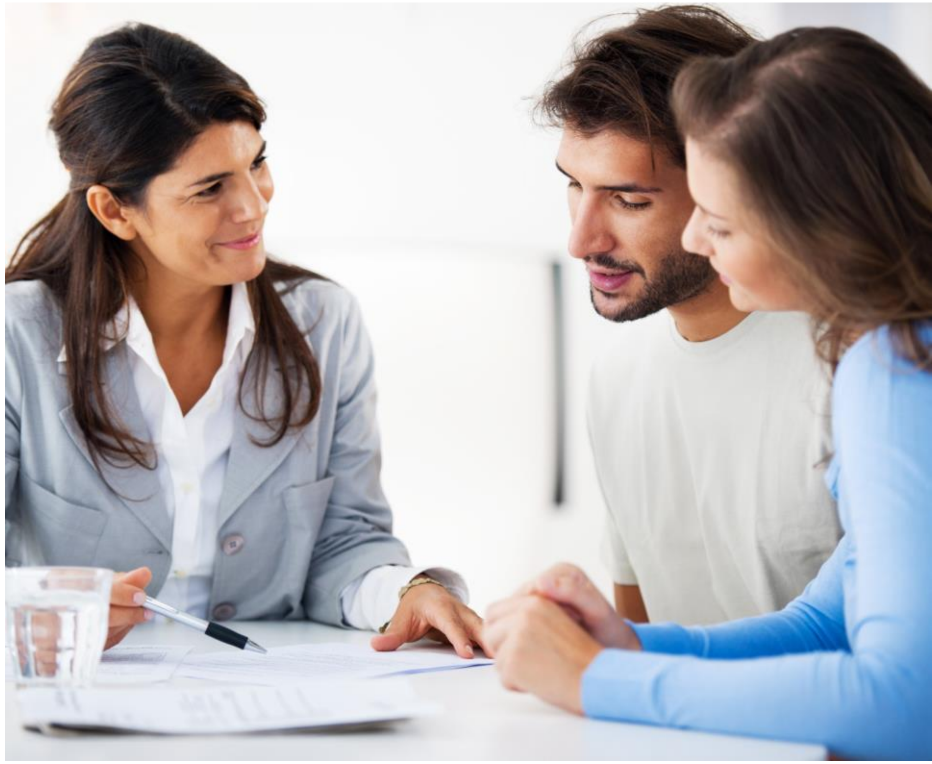
The Tax-Free First Home Savings Account is a registered plan that will allow **first-time homebuyers** to contribute up to $8,000 per year, with a lifetime limit of $40,000.

Overview

- Your FHSA contributions are tax deductible, which reduces your taxable income for the current year.
- Your contributions must be made during the calendar year (January 1 to December 31).
- Income accumulates in the plan tax-free.
- Contribution room begins to accumulate as soon as the account is opened.
- Unused contribution room can be carried forward to future years, up to $8,000 per year.
- The account can stay open for a maximum of 15 years.
- Unlike the Homebuyers’ Plan, funds withdrawn from the FHSA do not need to be paid back.

Are you eligible?

- Be a resident of Canada
- Be between 18* and 71 years old
- Have not already used the FHSA to purchase a home
- Be a first-time homebuyer
  - You did not, at any time in the current calendar year before the account is opened, or at any time in the preceding four calendar years, live in a qualifying home[1] in Canada (or that would be a qualifying home if it were located in Canada), as your principal place of residence[2] that either you or your spouse[3] owned, or that you jointly owned. For example, if you open a FHSA in April 2023, you cannot have been a homeowner of your principal place of residence since January 1, 2019)



*You must have reached the age of majority in your province of residence.

FHSA vs. HBP: What are the differences?

Which one do I choose? The answer depends on your savings goals as well as your financial and tax situation.

Good to know
FHSA and HBP withdrawals can be combined.

FHSA

The tax-free first home savings account is used to save to buy a first home.

1. Doesn’t need to be paid back
2. No withdrawal limit
3. Annual contribution limit is $8,000 and lifetime contribution limit is $40,000
4. No minimum period before contributions are deductible, and can be withdrawn
5. The FHSA contribution deadline is December 31 each year

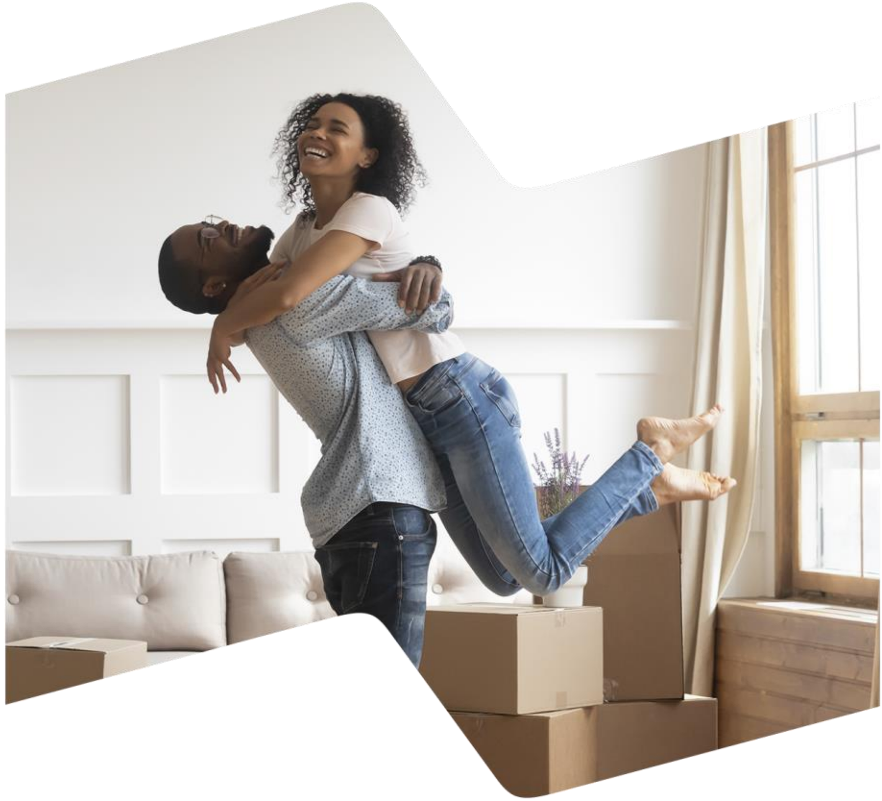
HBP

The homebuyers’ plan (HBP) is a program that lets you withdraw funds from your RRSP to buy or build a first home.

1. Repayment required
2. Withdrawal limit of $35,000
3. Maximum annual RRSP contribution, i.e., 18% of your earned income in the previous year or the annual contribution limit for the current year
4. The money must be deposited in your RRSP 90 days before it can be withdrawn and placed in the HBP
5. The RRSP contribution deadline is 60 calendar days after the end of the year

What are the steps when buying a home?

- You must have a written agreement to buy or build a home in Canada (just like for the HBP).
- You must still be considered a first-time homebuyer (at the time of purchase; however, your spouse will not be considered).
- Unlike the HBP, there's no minimum period for funds to remain in an FHSA before qualifying for a withdrawal.
- You can withdraw funds up to 30 days after buying your home.
- FHSA and HBP withdrawals can be combined for a single residence.
- The funds withdrawn don't need to be paid back.
- Withdrawals aren't taxed.
- The FHSA must be closed on December 31 of the year following the year of the first qualifying withdrawal (related to the home purchase).



Do you need to withdraw funds for something else?

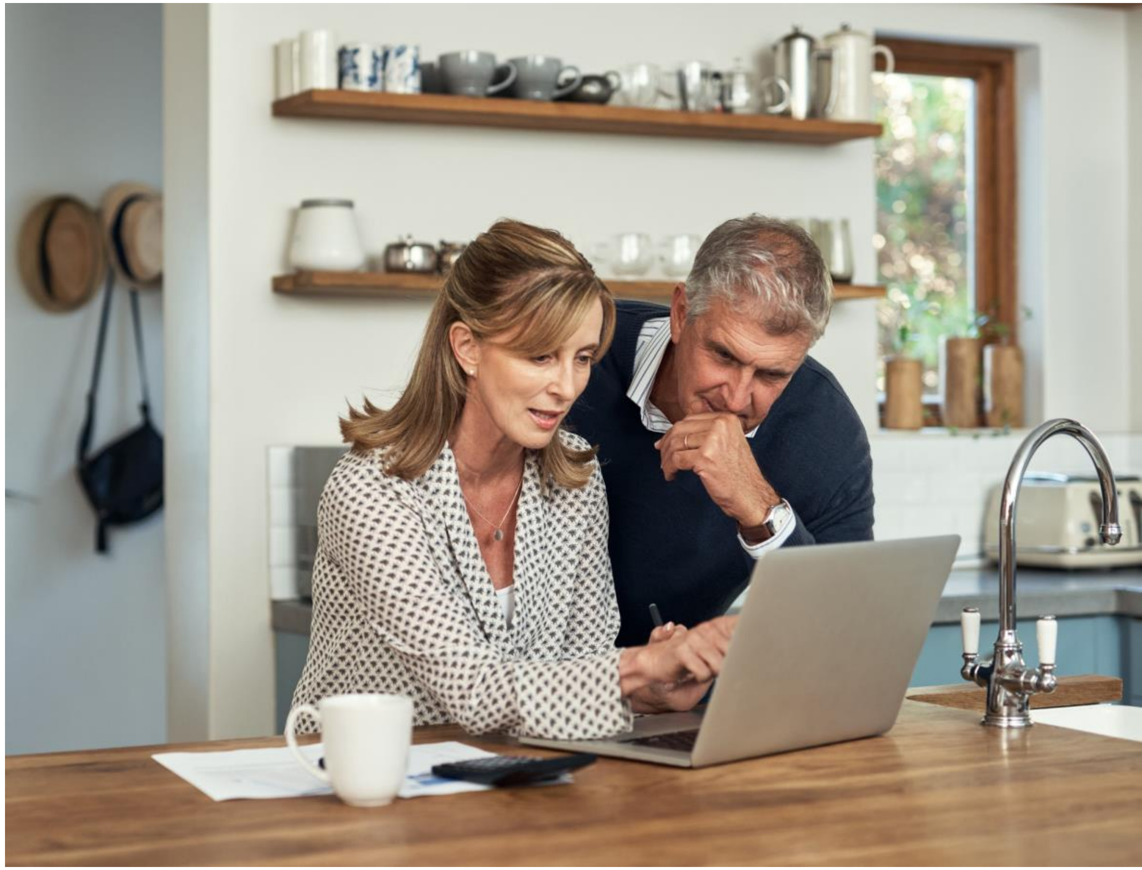
While you can make withdrawals, they're considered "non-qualifying" and taxable. They will be included in your annual income for the year of the withdrawal.

Note: The Bank will withhold tax at the source.

The amounts withdrawn do not restore your FSHA contribution room.

What happens if you don’t buy a home?

Before the end of the maximum period of 15 years, you can transfer funds from your FHSA to your RRSP or RRIF **without affecting your taxes or your RRSP contribution room**.



Can you transfer money from a RRSP to an FHSA?

Good News:

You can make a direct transfer from your RRSP to your FHSA with no tax impact; however, the amount being transferred will not be tax-deductible a second time and will be considered part of your annual FHSA contribution room.

Can you transfer money from a TFSA to an FHSA?

No, you can’t transfer money from a TFSA to an FHSA.
You must first withdraw the money from your TFSA and deposit it in a bank account before moving it to your FHSA. You must ensure that your investments are available in order to carry out this type of transaction.

For example, if the money in your TFSA is invested in mutual funds or GICs, you’ll have to sell them to have access to liquid assets. Then, you can deposit the funds in a bank account and transfer them to an FHSA.

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