

Trends Worth Watching:

# Get Into a Home with Retirement Savings



Buyers without existing home equity may have difficulty saving enough for the down payment needed to finance a home. Registered Retirement Savings Plans or RRSPs are designed to encourage retirement savings, but they can also be used to set aside money intended for a home purchase. With the potential to provide a significant advantage over alternate savings vehicles, contributions (up to limits determined by your previous year's income) to RRSP accounts are tax deductible and could possibly result in a considerable tax refund as well.

Participation in the Canadian government's Home Buyer Plan (HBP) makes it possible for first-time buyers to withdraw up to \$25,000 (or \$50,000 per couple) from their RRSP tax and penalty-free.

## Who Qualifies?

Canadian residents who are first-time buyers, defined as individuals who have not owned a home at any point in the four previous years, are eligible for the program. Residents can also use the plan to help a disabled relative purchase a more suitable home.

The money can be used to buy an existing home in Canada or one that is or soon will be under construction. Single-family, semi-detached and mobile homes all qualify, as do townhouses, condominiums and units in apartment buildings.

Additional details including conditions for participation can be found on the Canada Revenue Agency website at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca). Please feel free to call if you would like to know more about saving for a home purchase and whether this popular incentive program could help you reach your goal.

Source: Canada Revenue Agency

## Repayment Rules

Participants have 15 years to pay the money back to the account. 1/15th of the total amount is due by the end of each year beginning two years after the withdrawal, or else the unpaid amount must be added to their taxable income.

Individuals who move out of the country must repay the withdrawn funds before filing that year's return or within 60 days of ceasing to be a resident, whichever is earlier.

Oh, by the way... I'm never too busy for your referrals.

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