

How to Leverage Your RRSPs to Buy Your First Home



Are you in the market for your first home? Dreaming of a space you can call your own? If you are an eligible first time home-buyer, then contributing to your RRSP(s) before the March 1 deadline can help you increase the funds available for your home purchase.

The Home Buyers' Plan (HBP) is a program that allows you to withdraw from your Registered Retirement Savings Plans (RRSPs) in order to purchase or build your first home. In 2019 there was a change to the HBP in an attempt to provide first-time home buyers with greater access to their RRSP savings by increasing the withdrawal limit from \$25,000 to \$35,000.

How do I know if I qualify?

In order to qualify, at least one homeowner must be a first-time homebuyer, which is defined as the following:

- You are considered a first-time home buyer if;
 - You have never owned a home before
 - In the last 4 years, you did not occupy a home that you or your current spouse or common-law partner owned
- You have a written agreement to buy or build a home
- You are a resident of Canada
- You intend to occupy the qualifying home as your principal place of residence within one year after buying or building it
- You have gone through a breakdown of marriage or common-law partnership (even if the other first-time home buyer requirements are not met)

Buying my first home using The Home Buyers' Plan (HBP)

Once you know you can take advantage of the HBP, and have topped up your RRSP(s) (if applicable), make an appointment with a mortgage professional to complete a financial health check to determine what you qualify for. This will make it easier for you to shop the market so you are able to look at real-estate listings within your budget.

Note * The down payment funds must be in your account for a minimum of 90 days for the withdrawal to qualify under the HBP.

Do I have to pay the government back?

You will have 15 years to repay the amount used from your RRSP(s), or you can pay in full at anytime during that period. Your repayment period starts on the second year after you first withdrew your RRSP(s) for the HBP. For example, if you withdrew \$35,000 in 2020 to purchase your first home, you have until 2022 before your repayment schedule commences.

Each year, the Canada Revenue Agency (CRA) will send you an HBP statement with your notice of assessment in order for you to understand how much has been paid back to date, the amount you need to contribute to your RRSP(s) and your HBP balance.

