MACKENZIE Investments

FHSA at a glance

A First Home Savings Account (FHSA) is a government-registered account designed to help first-time home buyers save for a qualifying home purchase, offering tax-deductible contributions and tax-free withdrawals.

Eligibility

Any Canadian resident who is at least 18 years old and has a valid Social Insurance Number (SIN) can open an FHSA. They must also qualify as a first-time home buyer, meaning they have not lived in a home owned by them or their spouse or common-law partner in the year the FHSA is opened and the previous four years.

Contributions

- Annual contribution room is $8,000 after opening your first FHSA, up to a lifetime limit of $40,000.
- Contributions are tax-deductible, reducing your taxable income.
- Up to $8,000 of unused contribution room may be carried forward to a future year.*
- Overcontributions may be subject to a 1% monthly penalty tax.

Withdrawals

- Withdrawals are tax-free when used to purchase a qualifying first home, provided certain conditions are met:
  - A written agreement to buy or build a home is in place.
  - The individual intends to occupy the home as a principal residence.
  - Withdrawals must generally be made no later than 30 days after acquiring the home.

Benefits of the FHSA

- Powerful, tax-efficient way to help accelerate savings toward a first home purchase.
- Offers both tax-deductible contributions and tax free home withdrawals.
- Investments grow tax-free, helping investors benefit from compound growth.
- Complements the Home Buyers' Plan (HBP), maximizing funds available for a first home purchase.

- If funds are not used for a qualifying home purchase:
  - They may be transferred tax-free to an RRSP or RRIF (subject to applicable rules).
  - They may be withdrawn as taxable income.
- The FHSA must be closed by the earliest of:
  - 15 years after the account is opened.
  - The end of the year the account holder turns 71.
  - The end of the year following the first qualifying withdrawal.

Contact your financial advisor to learn more about an FHSA or to open an account.

*Note, FHSA contribution room begins accumulating once the account is opened.

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