

# DREAMING OF HOME OWNERSHIP?

Make it a reality with a  
First Home Savings Account (FHSA)



Navigate life with confidence  
Insurance & Investments





## First Home Savings Account (FHSA)

Canadians saving for their first home have another option—the First Home Savings Account—a registered plan that allows for tax deductible contributions along with tax-free growth and withdrawals<sup>1</sup> to buy or build your first home.<sup>2</sup>

### What is an FHSA?

Introduced in 2023, an FHSA enables first-time home buyers who are qualifying individuals<sup>3</sup>, to contribute up to \$40,000 towards the purchase of their first home if they are a resident of Canada, subject to conditions. An FHSA features the opportunity for tax-free growth like an RRSP (Registered Retirement Savings Plan) and TFSA (Tax-Free Savings Account), combined with the tax deductible contributions of an RRSP and the tax-free withdrawals of a TFSA. Qualifying withdrawals from an FHSA used to purchase a qualifying home are tax-free.

<sup>1</sup> Must be a qualifying withdrawal.

<sup>2</sup> Must be a qualifying home.

<sup>3</sup> For further information concerning FHSAs, please go to <https://www.canada.ca> and search for “First Home Savings Account”.

## Who qualifies to open an FHSA?

- You must be 18 years or older<sup>4</sup> to open an FHSA.<sup>5</sup>
- You must be a first-time home buyer who has not lived in a qualifying home<sup>3</sup> that was either fully or jointly owned by you, or with a spouse or common-law partner, as your principal place of residence in the calendar year you open your FHSA or in the previous four calendar years.
- You must be a resident of Canada.

Once you meet all conditions, you will be considered a qualifying individual.



Saving for your first home with an Empire Life FHSA can provide tax-free savings and withdrawals, with valuable insurance guarantees, that can help make homeownership a reality.

<sup>4</sup> 19 years old if that is the legal age to enter a contract in your province or territory.

<sup>5</sup> You must also be 71 years or younger as of December 31 of the year you open an FHSA.

Empire Life Guaranteed Investment Funds (GIFs) are segregated fund contracts that can be held in an FHSA.

Segregated fund contracts offer valuable benefits that some other investments cannot, such as insurance guarantees, the ability to bypass the estate and probate process if a beneficiary is named, and potential creditor protection.

## Building towards your dream home



You can contribute up to a maximum of **\$8,000 per year** until you reach **\$40,000**. You can keep an FHSA open for a maximum of **15 years** or until you reach age 71, whichever is sooner. Unlike an RRSP or TFSA, contribution room only starts to accumulate once an FHSA has been opened.

If you hold multiple FSAs, your combined contributions must not exceed your participation room.<sup>6</sup> Your contributions can be deposits into your FHSA or a direct transfer from your Registered Retirement Savings Plan (RRSP). If you don't contribute the maximum FHSA amount in one year, you can carry over the unused participation room into the next year.<sup>6</sup>

## Timing is the key to success

When do you want to purchase your first home? Consider the date, the annual amount you want to contribute, and how many years you plan to save for. Then work back to determine the date you should open your FHSA—**remember you can only keep your FHSA open for 15 years.**

<sup>6</sup> For further information concerning FSAs, please go to <https://www.canada.ca> and search for "First Home Savings Account".



## Three ways to save for a home

Get your FHSA, TFSA and RRSP Home Buyers' Plan (HBP) working together to help you save for your first home. Take advantage of the benefits all three programs have to offer:

- **Max out your FHSA**—truly tax-free if you buy a qualifying home and you don't have to pay it back, unlike an RRSP HBP.
- **Contribute to your TFSA**—it doesn't reduce taxable income, but investment growth and withdrawals are tax-free.
- **Consider depositing into your RRSP** for a tax-deferred HBP withdrawal.

You can take advantage of the benefits of three registered plans to build your home savings:

FHSA	TFSA	RRSP HBP
Tax-free saving, growth and qualifying withdrawals	Tax-free growth and withdrawals on savings	Tax deferred savings, and tax-free withdrawals if you repay to your RRSP

**Home Buyers' Plan withdrawals must be repaid within 15 years, however withdrawals made between January 1, 2022 and December 31, 2025 have the repayment period extended by three years.**



## Maximize your savings with an FHSA and the Home Buyers' Plan

The Home Buyers' Plan (HBP) allows you to withdraw from your RRSP to buy or build a qualifying home. The current HBP withdrawal limit is \$60,000.<sup>7</sup> This doesn't affect your contributions to an FHSA, and you can maximize your home savings by using an FHSA and an RRSP with the HBP to purchase your first home.<sup>8</sup>



Lifetime FHSA limit  
**\$40,000**



Plus any  
**investment growth**



RRSP HBP withdrawal limit  
**\$60,000\***

Provides you with potentially **\$100,000**  
or more towards the purchase of your first home.

\* Announced by the Canadian Government April 11, 2024.

Speak to your advisor to help you understand your situation *and* get you started on your goal of homeownership.

<sup>7</sup> For further information concerning The Home Buyers' Plan, please go to <https://www.canada.ca> and search for "The Home Buyers' Plan".

<sup>8</sup> HBP withdrawals must be repaid within 15 years, however withdrawals made between January 1, 2022 and December 31, 2025 have the repayment period extended by three years.

## When you're ready to buy your first home

You've worked hard to save for your first home and now the time has come! A qualifying withdrawal from your FHSA is tax-free. You can make either a single withdrawal or a series of withdrawals, but all the following conditions must be met:

- You must have a written agreement to buy or build a qualifying home.<sup>9,10</sup>
- You must not have acquired the qualifying home more than 30 days before making the withdrawal.
- Work with your advisor to complete the necessary forms (RC725 Request to Make a Qualifying Withdrawal from your FHSA).

If you make a withdrawal from your FHSA and all the conditions are not met, it will be treated as a taxable withdrawal.

## Other things to know about an FHSA

### What happens if you overcontribute?

If you overcontribute to an FHSA you will have to pay a 1% tax per month, on the highest excess amount in the month, until the excess is eliminated. If the excess isn't removed by a qualifying withdrawal or transfer to your RRSP, it will be reduced or eliminated by your new FHSA participation room on January 1 of the following year.

### Closing an FHSA

Your maximum participation period begins when you open your first FHSA. You need to close all your FSAs or transfer your FHSA assets to your RRSP or your Registered Retirement Income Fund (RRIF), on a tax-deferred basis, before your maximum participation period ends.



#### Maximum participation period

Close your FHSA by **December 31** of the year in which the earliest of the following occurs:

- 15th anniversary of opening your first FHSA
- You turn 71 years old
- The year following your first qualifying withdrawal

### Tax and your FHSA

You are responsible for keeping track of all activity in your FHSA(s), but the issuer will give you a T4FHSA slip that shows the transactions you made in the year. There are instructions on the slip that will tell you how to report the amounts on your income tax and benefit return.

<sup>9</sup> You must occupy or intend to occupy the qualifying home as your principal place of residence within one year after buying or building it.

<sup>10</sup> The home must be acquired or the construction completion date of the qualifying home must be before October 1 of the year following the date of the withdrawal.

## For more information:

### The Empire Life Insurance Company

259 King Street East,  
Kingston, ON K7L 3A8

The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products.

Our mission is to make it simple, fast and easy for Canadians to get the products and services they need to build wealth, generate income, and achieve financial security.

Follow us on social media @EmpireLife or visit [empire.ca](http://empire.ca) for more information, including current ratings and financial results.



### You can own your own home with the help of an FHSA and Empire Life segregated funds.

Empire Life segregated fund contracts can help you get there by offering flexibility and choice in investment options with valuable insurance benefits.



To find out if an Empire Life First Home Savings Account is right for you, speak with your advisor or visit [empire.ca/FHSA](http://empire.ca/FHSA)

Segregated Fund contracts are issued by The Empire Life Insurance Company ("Empire Life").

A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a Segregated Fund is invested at the risk of the contract owner and may increase or decrease in value.**

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