

HOME BUYERS' PLAN (HBP)

What is it and how to qualify?

- You can withdraw funds from your registered retirement savings plan (RRSPs) on a tax free basis to buy or build a home. To qualify you must meet **all** of the following criteria:
 1. You have to enter into a **written agreement to buy or build a home**. Obtaining a pre-approved mortgage does not satisfy this condition.
 2. You have to intend to occupy the qualifying home as your **principal place of residence** no later than one year after buying or building it.
 3. You have to be considered a **first-time home buyer**.
 - First time home buyer means:
 - You or your spouse could not have, for the period **starting January 1st** of the fourth year preceding the year of the HBP withdrawal and ending **31 days** before the HBP withdrawal, owned a home you occupied as a principal place of residence.
 - Example: on February 1, 2010; John pulls out money out of RRSP under the HBP. To meet this rule; during the period from January 1, 2006 to January 1, 2010; he or his spouse could not have owned a home.
 4. Your **repayable HBP balance** on January 1 of the year of the withdrawal has to be **zero**.

HBP withdrawal and re-payment rules

- You can withdraw a maximum of **\$25,000 per year** as long as on January 1st of the year of withdrawal, all your previous HBP withdrawals are repaid back into the RRSP
- Your money has to be in the RRSP for atleast **90 days** before you can withdraw under the HBP
- Payment period **starts from the second year after** you made your withdrawals
- You must repay your withdrawals back into the RRSP by **15 years from the repayment date**; However, you can repay the full amount into your RRSPs at any time.

Example: If John withdrew from his RRSP under the HBP in 2008, his start repaying back into the RRSP from 2010 to 2024. His first payment is due within 60 days after the end of 2010 (March 1, 2011).

- The amount to re-pay in the RRSP is **1/15th** of the total amount you withdrew , if you don't pay this amount in full you need to include any differences in your income
- This payment must be made by **first 60 days after the taxation year**
- You can use previous unclaimed RRSP amounts and designate it as repayment of HBP