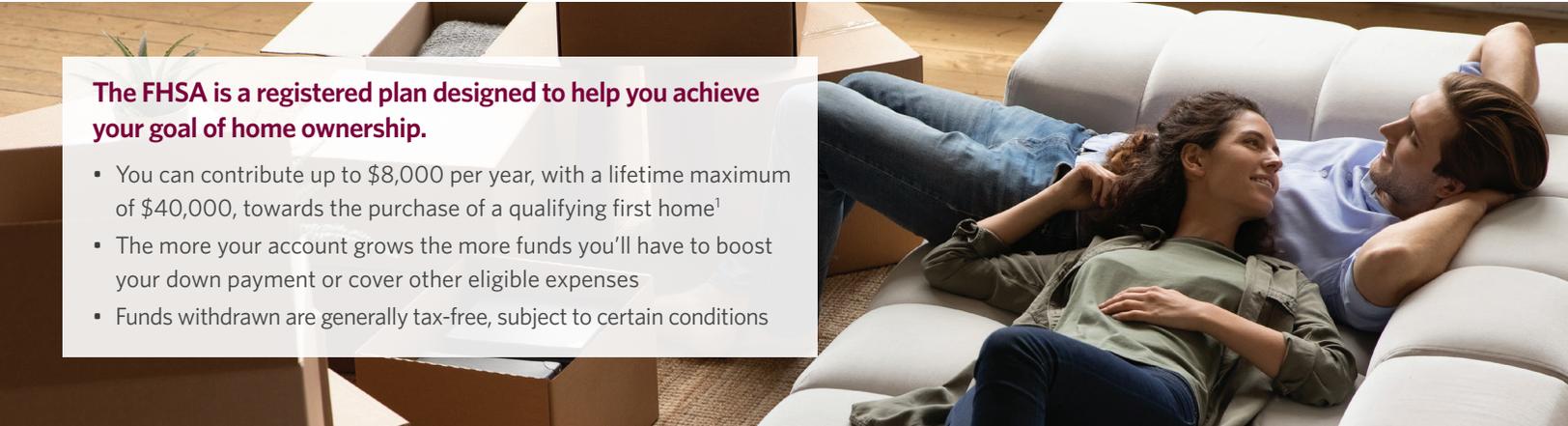


Put your dream of home ownership within reach with a First Home Savings Account (FHSA)



The FHSA is a registered plan designed to help you achieve your goal of home ownership.

- You can contribute up to \$8,000 per year, with a lifetime maximum of \$40,000, towards the purchase of a qualifying first home¹
- The more your account grows the more funds you'll have to boost your down payment or cover other eligible expenses
- Funds withdrawn are generally tax-free, subject to certain conditions

Why open an FHSA?

Receive a tax deduction when you contribute

When you contribute to an FHSA, you can claim a deduction on your tax return. You can claim the tax deduction in the year of contribution or in a future year (though, like an RRSP, the contribution needs to be reported on the tax return for the year in which it was made).

Invest and grow your savings tax-free

You can keep the money you contribute to your FHSA in cash or use it to invest in Guaranteed Investment Certificates (GICs), bonds, stocks, mutual funds and exchange-traded funds (ETFs). Unlike a non-registered account, any investment income or gains earned inside the FHSA are non-taxable, provided the funds are withdrawn to purchase a qualifying home.

Withdraw your money tax-free

Let's fast-forward to when you're ready to buy a qualifying first home. Provided you meet the requirements to make a qualifying withdrawal, you can take the money out of your FHSA—including your original contributions and any investment earnings—without paying any tax on it and use it towards purchasing your qualifying home.

Eligibility

To qualify for the FHSA, you must:

- Be a Canadian resident with a valid Social Insurance Number (SIN)
- Have attained the age of majority in your province or territory of residence
- Be a first-time homebuyer

Who is considered a first-time homebuyer?

For the purposes of opening an FHSA, you are considered a first-time homebuyer if you did not at any time in the calendar year the account is being opened or in the previous four calendar years live in a qualifying home (or what would be a qualifying home if it was located in Canada) as your principal place of residence that was owned or jointly owned by you or your spouse or common-law partner.

¹A qualifying home is defined as a housing unit located in Canada and includes both existing homes and those being constructed.

Contributions and withdrawals

The table below provides an overview of the rules for contributing and withdrawing funds from your FHSA as outlined by the [Government of Canada](#).



\$8,000 annual contribution limit

Your annual limit can be any mix of new contributions or tax-free transfers from your RRSP. You can carry forward unused annual contribution room for one year (carry forward room only starts accumulating after you open an FHSA). Eligible contributions are tax deductible; RRSP transfers are not. RRSP transfers do not create any contribution room in the RRSP.



Up to 15 years to save for a first home

An FHSA can remain open for a maximum of 15 years, until you turn 71 years old, or until the end of the year following the year that you make your first qualifying withdrawal, whichever is sooner. If you do not use the funds to buy a qualifying home, you can transfer them into your RRSP (without affecting contribution room) or RRIF, or make a taxable withdrawal.



No limit for qualifying withdrawals

If you use your savings towards the purchase of a qualifying home, you can withdraw the funds from your FHSA tax-free. For the same home purchase, you may also be able to withdraw money from your RRSP through the Home Buyers' Plan (HBP).

Qualifying investments

- An FHSA would be permitted to hold the same qualified investments that are currently allowed to be held in a TFSA including mutual funds, publicly traded securities, government and corporate bonds, and GICs
- The prohibited investment rules and non-qualified investment rules applicable to other registered plans also apply to FHSAs, including the potential tax consequences



FHSA compared to other registered plans

The FHSA features many of the same benefits of other registered plans such as the RRSP and TFSA. These features can help you save money to purchase your first home sooner. The table below compares the key features and functions of these three registered plans.

	FHSA	RRSP	TFSA
Purpose	Saving for home-ownership.	Long-term retirement savings goals.	Short-term and long-term savings goals.
Tax deduction eligibility	Tax deduction for contribution (except for transfers from your RRSP).	Tax deduction for contribution.	No tax deduction for contribution.
Taxation on withdrawals	Tax-free withdrawals for qualifying first-home purchase. Other withdrawals are taxable income.	Withdrawals are considered taxable income.	Withdrawals are tax-free.
Withdrawal advantages	Withdrawals used toward the purchase of a qualifying home are tax-free.	Withdrawals made when you're retired may be taxed at a lower rate than when you're working.	Withdrawals can be re-contributed in a later calendar year.
Contributions	\$8,000 annually, up to a maximum lifetime limit of \$40,000. Unused contribution room carries forward for one year. Carry forward room only starts accumulating after you open an FHSA.	Your annual RRSP contribution limit is 18% of your previous year's earned income, less any pension adjustment, up to a maximum annual limit (\$32,490 for 2025). Unused contribution room can be carried forward.	Each year you can contribute up to the TFSA dollar limit for the year (\$7,000 for 2025) plus any unused contribution room that has been carried forward.
Over-contribution penalty	1% per month on the highest excess FHSA amount in that month. You will continue to pay the monthly 1% tax until the excess FHSA amount is eliminated.	Generally 1% per month on excess contributions that exceed your RRSP deduction limit by more than \$2,000.	1% per month on the highest excess TFSA amount in that month. You will continue to pay the monthly 1% tax until the excess TFSA amount is eliminated.

You can withdraw from an FHSA savings tax-free if all of the following conditions are met:

- You have a written agreement in place before the withdrawal to buy or build a qualifying home in Canada with the acquisition or completion date of the home before October 1 of the year following the date of withdrawal;
- You're a Canadian resident from the time you make your first qualifying withdrawal until you acquire the home;
- During the 4 previous calendar years and during the period of the current year ending 31 days before the withdrawal is made, you did not live in a qualifying home as your principal place of residence that you owned or jointly owned;
- You intend to occupy the home as your principal residence within one year of acquiring the home; and
- You have not acquired the home more than 30 days before the withdrawal is made.

Unique aspects of the FHSA



The plan can remain open for a maximum of 15 years

The FHSA must be wound down by December 31st of the year following whichever occurs first:

- 14th anniversary of the opening date of your first FHSA
- First qualifying withdrawal
- The year you turn 70 years old



After the qualifying period, unused funds can be transferred or withdrawn

Savings not used to buy a qualifying home can either be:

1. Transferred to your RRSP on a tax-deferred basis (without affecting contribution room) or a RRIF
2. Withdrawn on a taxable basis

Why consider using the FHSA and the RRSP Home Buyer's Plan (HBP)?

- 1 You don't have to choose just one way to save. When you're ready to buy a qualifying home, you can use money withdrawn from your RRSP under the Home Buyers' Plan (HBP) and from your FHSA.
- 2 With the FHSA, your contributions are tax-deductible and withdrawals are tax-free if used to purchase a qualifying home.
- 3 The HBP allows you to withdraw up to \$60,000 tax-free from your RRSP to help buy your first principal home. However, the amount you withdraw must be repaid to your RRSP within 15 years. Any amounts not repaid in that time will be considered taxable income. Any withdrawals from your RRSP that are used to purchase a home that are not part of an HBP withdrawal, will be considered taxable income.



Let's discuss further how you or your family may benefit from opening an FHSA.

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