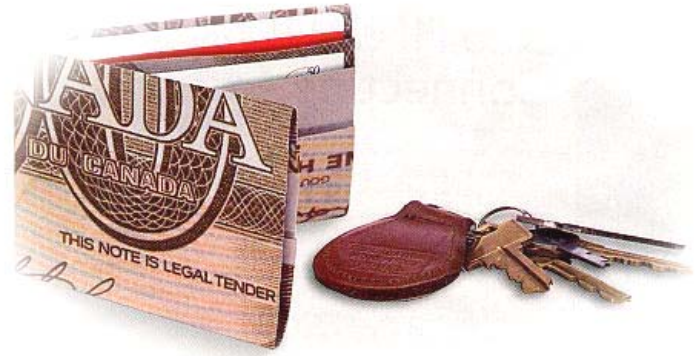

Government Home Buyer's Plan



What is the HBP? (Home Buyer's Plan)

The HBP is a program that allows you to withdraw up to \$20,000 from your registered retirement savings plans (RRSPs) to buy or build a qualifying home. Withdrawals that meet all applicable HBP conditions do not have to be included in your income, and your RRSP issuer will not withhold tax on these amounts. If you buy the qualifying home together with your spouse or other individuals, each of you can withdraw up to \$20,000.

Under the HBP, you have to repay all withdrawals to your RRSPs within a period of no more than 15 years. Generally, you will have to repay an amount to your RRSPs each year until your HBP balance is zero. If you do not repay the amount due for a year, it will be included in your income for that year.

Qualifying home — A qualifying home is a housing unit located in Canada. This includes existing homes and those being constructed. Single-family homes, semi-detached homes, townhouses, mobile homes, condominium units, and apartments in duplexes, triplexes, fourplexes, or apartment buildings, all qualify. A share in a co-operative housing corporation that entitles you to possess, and gives you an equity interest in, a housing unit located in Canada also qualifies. However, a share that only provides you with a right to tenancy in the housing unit does not qualify.

Can a withdrawal be made from any RRSP?

You can only withdraw funds from an RRSP under which you (the participant) are the annuitant. If your spouse or common-law partner contributed to your RRSP, you are the annuitant of the RRSP, or if you contributed to your spouse's or common-law partner's RRSP, that individual is the annuitant of the RRSP.

Some RRSPs, such as locked-in or group RRSPs, do not allow you to withdraw funds from them. Your RRSP issuer can give you more information about the types of RRSPs that you have and whether or not withdrawals under the HBP can be made from them.

What are the conditions for participating in the HBP?

A number of conditions have to be met to participate in the HBP. While some conditions have to be met **before** you can withdraw funds from your RRSPs, others apply **when** or **after** you receive the funds.

Conditions you have to meet before applying to withdraw funds under the HBP.

- ✓ You have to enter into a written agreement to buy or build a qualifying home.
- ✓ You have to intend to occupy the qualifying home as your principal place of residence.
- ✓ You have to be considered a first-time buyer.
- ✓ Your HBP balance on January 1 of the year of withdrawal has to be zero.

Conditions you have to meet when a withdrawal is made.

- ✓ Neither you nor your spouse, nor common-law partner can own the qualifying home more than 30 days before a withdrawal is made.
- ✓ You have to be a resident of Canada.
- ✓ You have to receive all withdrawals in the same year.
- ✓ You cannot withdraw more than \$20,000.



Condition you have to meet after all your withdrawals have been made.

- ✓ You have to buy or build the qualifying home before October 1 of the year after the year of withdrawal.

You have to intend to occupy the qualifying home as your principal place of residence.

When you withdraw funds from your RRSPs under the HBP, 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. Once you occupy the home, there is no minimum period of time that you have to live there.

You have to be considered a first-time home buyer.

Generally, before you can withdraw funds from your RRSPs to buy or build a qualifying home, you have to meet the first-time home buyer's condition.

You are not considered a first-time home buyer if, at any time during the period beginning January 1 of the fourth year before the year of withdrawal and ending 31 days before your withdrawal, you or your spouse or common-law partner owned a home that you occupied as your principal place of residence.

Neither you nor your spouse or common-law partner can own the qualifying home more than 30 days before the withdrawal.

You must be a resident of Canada.

You have to be a resident of Canada when you receive funds from your RRSPs under the HBP and up to the time a qualifying home is bought or built. If you are not sure whether you are a resident or non-resident of Canada, or you need more information about residency status, contact your tax services office.

You have to receive all withdrawals in the same year.



You have to buy or build the qualifying home before October 1 of the year after the year of withdrawal.

Generally, if you participate in the HBP in a particular year, you have to buy or build the qualifying home before October 1 of the year following the year of withdrawal.

Repaying your withdrawals.

Over a period of no more than 15 years, you have to repay to your RRSPs the amounts you withdrew under the HBP. Generally, in each year of your repayment period, you have to repay 1/15 of the total amount you withdrew, until the full amount is repaid to your RRSPs. Your repayment period starts the second year following the year you made your withdrawals.

To make a repayment under the HBP, you have to make contributions to your RRSPs in the year the repayment is due or in the first 60 days of the following year. You can contribute the repayments to any of your RRSPs. Once your contribution is made, you can designate all or part of the contribution as a repayment under the HBP.

The HBP can also be used to finance housing for a disabled or otherwise mobility-impaired relative, or for yourself if you have become disabled. For example, this plan can help to fund the purchase of a new, more accessible home for younger adults caring for disabled aging parents.

Source: Canada Revenue Agency
Please refer to their pamphlet "Home Buyers' Plan" for more complete details.