

Home Buyers' Plan

The Home Buyers' Plan is a Federal government program that allows you and your spouse to each withdraw up to \$20,000 from your own RRSPs for a home purchase. Think of it as a loan from your own RRSP to yourself.

Withdrawing funds from your RRSP to make a home down-payment means foregoing the amount the funds would have earned if they had remained in your RRSP. On the other hand, if you don't withdraw these funds, you may have to borrow the required down-payment. You need to weigh both options carefully, ask your Mortgage Specialist what option might be best for you.

Anyone who owns an RRSP in their own name can participate in the Home Buyers' Plan. However, funds may not be withdrawn from a locked-in RRSP. You each must repay the withdrawn amount within 15 years, subject to a minimum annual payment of one-fifteenth of the amount withdrawn. If less than the annual minimum is repaid, the balance is added to your taxable income.

You must withdraw the amount from your RRSP using form "T1036 Applying To Withdraw An Amount Under The Home Buyers' Plan". Submit the completed form to the RRSP Issuer along with the certification that you meet or intend to meet the following conditions:

- You must make your withdrawal request in the same year you wish to participate in the Home Buyers' Plan.
- You must not have previously participated in the Home Buyers' Plan. (Note: Commencing in 1999, an individual may participate in the Home Buyers' Plan more than once if all previous withdrawals were repaid prior to the current year and they otherwise qualify under the above definition of a first time buyer.)
- You must be a resident of Canada.
- You must enter into a written agreement to buy or build a qualifying home, before October of the following year.
- You must intend to occupy the qualifying home as his/her principal place of residence.

If you fail to build or buy a qualifying home, you can cancel participation in the Home Buyers' Plan, or buy or build a different home, called a replacement property, before October 1st of the following year. A replacement property has to meet the same conditions as a qualifying home. If the \$20,000 maximum allowed under the Home Buyers' Plan is already withdrawn, no further withdrawals to buy or build the replacement property can be made.

For more detailed information, call, write, or visit the General Inquiries service of any Revenue Canada Income Tax Office, or speak to Stephen Li, your Mortgage Specialist at 416.818.1950 or email sold@steveli.com for more details or email sli@valueland.ca to arrange for a no obligation meeting.