



Home Buyers Plan

Buying a home for the first time can be a daunting task for individuals or families. The Home Buyers Plan is an opportunity to withdraw up to \$25,000 for the purchase of a qualifying home for yourself or for a related person with a disability. There are two conditions for withdrawal under a Home Buyers Plan. one you must be considered a first-time home buyer and you have a written agreement to buy or build a qualifying home.

Any withdrawals from a Home Buyers plan must be repaid to the RRSP or be added to your income for a period of 15 years. This period begins in the second calendar year after the withdrawal. The repayment must be at minimum 1/15th of the entire withdrawal. For example, a \$15,000 withdrawal under the Home Buyers Plan in 2016 will require a repayment of \$1,000 starting in 2018. If the payment of \$1,000 is not made in 2018, \$1,000 of income will be added to that person's income.

Individuals have the option to payback more than the minimum in any year if they desire. As a follow up to the previous example, let's assume an individual makes \$5,000 of RRSP contributions. They could decide to repay \$1,000 to the home buyers plan withdrawal and deduct \$4,000 on their 2018 tax return or repay the entire \$5,000 to the plan and get no additional deductions in 2018. This would only be advisable to do if the individual is in a low-income tax bracket in 2018 and expects to be in a higher bracket in future years. By putting \$5,000 against the plan, the minimum repayment in 2019 would go down to \$714 (\$15,000 less \$5,000 repayment divided by 14 years remaining).