



And ScotiaBank

Current To January 28/09 SUBJECT TO CHANGE

Mortgages



Recent Federal Budget Encourages New Homebuyers

The government has earmarked \$15 million to nudge Canadians with RRSPs into buying homes. Now you can withdraw \$25,000 tax free from your RRSP to buy or build a first home - up from \$20,000.

The Home Buyers' Plan (HBP)

The Home Buyers' Plan (HBP) is a program that allows you to withdraw up to \$25,000 from your registered retirement savings plan (RRSPs) to buy or build a qualifying home for yourself or for a related person with a disability.

Conditions for Participating in the HBP

Only the individual who is entitled to receive payments from the RRSP (the annuitant) can withdraw funds from an RRSP. You can make withdrawals from more than one RRSP as long as you are the annuitant (plan owner) of each RRSP. Your RRSP issuer will not withhold tax on these amounts.

Generally, you will not be allowed to withdraw funds from a locked-in RRSP.

To participate in the HBP, ONE of the following conditions must apply:

- You are withdrawing funds to buy or build a home for yourself as a first-time home buyer; or
- You are withdrawing funds to buy or build a home for a related person with a disability.

In addition, ALL of the following conditions must apply:

- You must enter into a written agreement (Offer of purchase) to buy or build a qualifying home. The agreement may be with a builder or contractor, or with a realtor or private seller. Obtaining a pre-approved mortgage does not satisfy this condition.
- You intend to occupy the qualifying home as your principal place of residence.
- Your repayable HBP balance on January 1 of the year of the withdrawal is zero.
- Neither you nor your spouse or common-law partner owns the qualifying home more than 30 days before the withdrawal.
- You are a resident of Canada.
- You buy or build the qualifying home before October 1 of the year after the year of withdrawal.

Paying Yourself Back

Your first repayment is due the second year following the year in which you made your withdrawals.

Each year, the Canada Revenue Agency will send you a statement of account with your notice of assessment or notice of reassessment. The statement will include:

- the amount you have repaid (including any additional payments);
- your balance for the HBP; and
- the amount of the next repayment you should make.

You have up to 15 years to repay the amount that you withdrew under the HBP. Generally, for 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.

For example, if you withdraw funds from your RRSP in July 2009, you must pay at least 1/15th of the withdrawal in 2011 (or the first 60 days of 2012).

For full information visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rrsp-reer/hbp-rap/menu-eng.html>

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Dennis Wheatland

Mortgage Development
Manager
Western Canada
204-797-6495
dwheatland@scotiabank.com

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