

## Buying a Home – Using the RRSP Home Buyers Plan

This is a summary of how to use the Home Buyers Plan when purchasing your home. You can obtain more details by visiting the [Government of Canada website](#).

The Canadian Government allows first time home buyers to borrow up to \$25,000 from their RRSP to use toward a down payment. This is a tax-free withdrawal, provided the borrower re-contributes that amount back into their RRSP within 15 years.

Each co-borrower can access up to \$25,000 of their RRSP for this purpose. For example, if you and your spouse are buying a home together, you can each borrow \$25,000 for a total of \$50,000 to put toward your down payment.

### Are you eligible?

You must meet the following criteria in order to be eligible for the Home Buyers Plan:

- You are a Canadian resident
- You are a first-time home buyer: you have not owned a home within the previous four years, nor have you lived in your spouse's or common-law partner's home that they have owned in the past four years.
  - If your spouse or common-law partner does not qualify for the Plan, you may still qualify on your own and access up to \$25,000 from your own RRSP
- You have an accepted offer with a purchase agreement to buy or build a qualifying home
- RRSP funds have been in your account for at least 90 days prior to withdrawal (no last-minute contributions can be used)
- The home you are buying will be owner-occupied
- You make your RRSP withdrawal within 30 days of your closing/completion date
- You have no outstanding balance on a previous Home Buyers Plan (if you have used the program before, you have paid back the RRSP loan in full prior to borrowing for this new purchase)

### What's the process?

Start this process within 30 days of your closing/completion date:

1. Fill out the Form [T1036](#) (Section 1). Bring it to the financial institution that holds your RRSP account. They will fill out Section 2
2. Your financial institution will provide you with a T4RSP form showing the amount that was withdrawn from your RRSP for the Home Buyers Plan. You will use this for tax purposes
3. Your lender will ask to see verification of your RRSP funds being deposited into your account. A bank statement showing your name, account information and the transaction, plus an RRSP statement showing the withdrawal will be sufficient

### Repaying your loan

You will start repaying the loan 2 years from your purchase. You can access your outstanding balance and annual minimum payment amount in two ways:

- Login to your [My Account](#) on the CRA Website
- Your CRA Annual Notice of Assessment

You have until 60 days after the new year to contribute to your RRSP for the previous tax year. As long as you make the minimum payment each year before the deadline, the loan will be tax-free.

The annual payment amount will be adjusted if you contribute more than the minimum amount required. They simply take the outstanding balance and divide it by the number of years left to pay the loan back to estimate the annual payment amount.

Any missed payments will need to be included as RRSP income on your taxes.

I am happy to answer any questions you may have about the Home Buyers Plan. My spouse and I used the program ourselves when we purchased our first home, and it allowed us to realize our dream of home ownership!

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