

FHSA



SAVINGS

FHSA — FIRST HOME SAVINGS ACCOUNT

Your first home,
it starts now!



FHSA basics



Annual contribution limit: **\$8,000**



Lifetime contribution limit: **\$40,000**



Maximum participation period: **15 years** (or until December 31 of the year you turn 71)



Tax payable on qualifying withdrawals: **\$0**

FHSA: Combines the advantages of the RRSP and the TFSA

The FHSA combines the advantages of the RRSP and TFSA to help you save for your first home while earning tax-free returns and reducing your taxable income.

You can use these savings towards your first home without having to pay back or pay tax on your FHSA withdrawals.

Because the FHSA combines the tax advantages of the RRSP and TFSA, it's a great registered account for first-time home buyers.

Combine the three to maximize your down payment:

RRSP

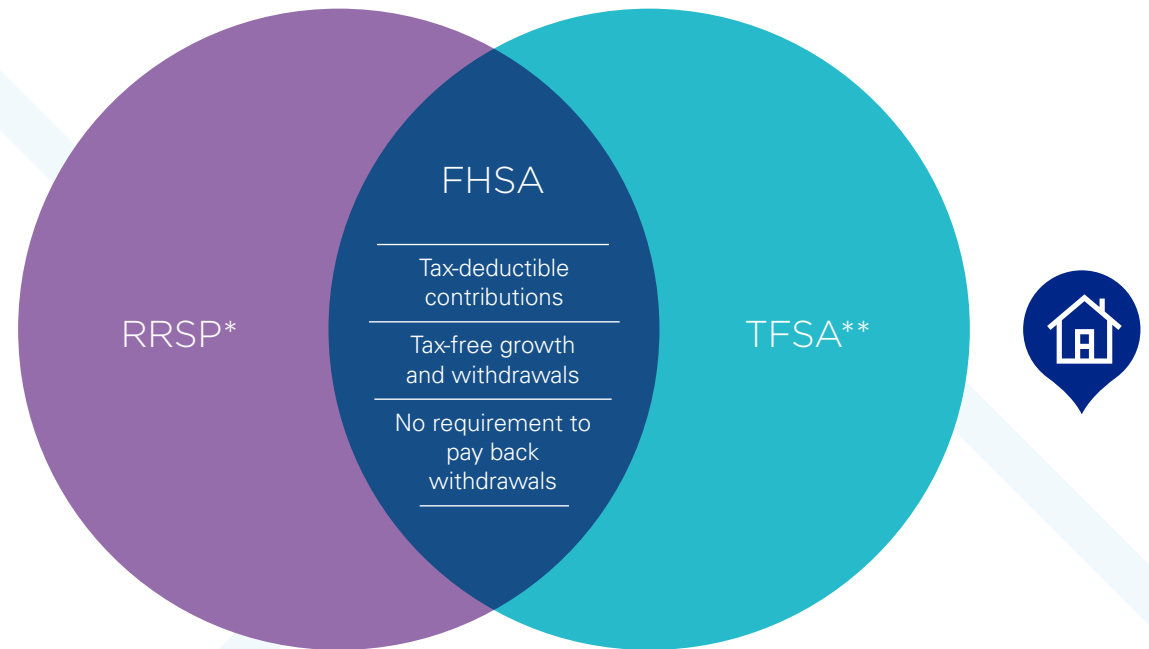
up to **\$35,000** through the Home Buyers' Plan (HBP)

FHSA

up to **\$40,000** plus returns

TFSA

your account balance plus returns



*RRSP: Tax-deductible contributions

**TFSA: Tax-free withdrawals

For people like you!



Meet Alex: After graduating, Alex receives a \$2,000 gift from his parents to open an FHSA. Alex then gets a job and contributes \$2,000 a year to his FHSA, the equivalent of \$77 every two weeks.

After five pay rises, Alex increases his annual contribution to \$4,000, or \$154 every two weeks, and maintains this savings level for five more years.

Here is how much Alex could save in 10 years:

| Alex | |
|---|---|
| Age when FHSA opened | 20 |
| Contribution years | 10 |
| Amount saved | \$2,000/year for the first 5 years and \$4,000 /year for the next 5 years |
| Interest rate | 5% |
| Total FHSA contribution | \$30,000 |
| Tax-free interest | \$8,017.40 |
| Balance at the end of the savings period | \$38,017.40 |

* Does not include tax saved by reduction of taxable income.

** Includes annual contribution made at the start of the year.



Meet Casey and Morgan: Casey and Morgan met, fell in love and are now a couple. They've been dreaming of becoming homeowners and have given themselves five years to save up for their first home.

At 25, Casey opens an FHSA and contributes \$4,000/year. Morgan, age 30, invests \$4,500/year. They each have their own FHSA.

Here is how much Morgan and Casey could save in 5 years:

| Casey | | Morgan | |
|---|--------------------|---|--------------------|
| Age when FHSA opened | 25 | Age when FHSA opened | 30 |
| Contribution years | 5 | Contribution years | 5 |
| Amount saved | \$4,000/yr | Amount saved | \$4,500/yr |
| Interest rate | 5% | Interest rate | 5% |
| Total FHSA contribution | \$20,000 | Total FHSA contribution | \$22,500 |
| Tax-free interest | \$3,207.65 | Tax-free interest | \$3,608.61 |
| Balance at the end of the savings period | \$23,207.65 | Balance at the end of the savings period | \$26,108.61 |
| Total FHSA contribution | | \$42,500 | |
| Tax-free interest | | \$6,816.26 | |
| Balance at the end of the savings period | | \$49,316.26 | |

* Does not include tax saved by reduction of taxable income.

** Includes annual contribution made at the start of the year.

Important

The FHSA contribution deadline: December 31 of each year.

You can carry forward up to \$8,000 of your unused contribution room from one year to the next, to a maximum annual contribution of \$16,000.

Investment options: segregated funds, guaranteed interest funds, high-interest savings accounts, and many others.

FHSA contributions are deductible from annual income (deductions can be carried forward).

Unused FHSA amounts can be transferred to a RRIF or RRSP, without reducing available RRSP room.

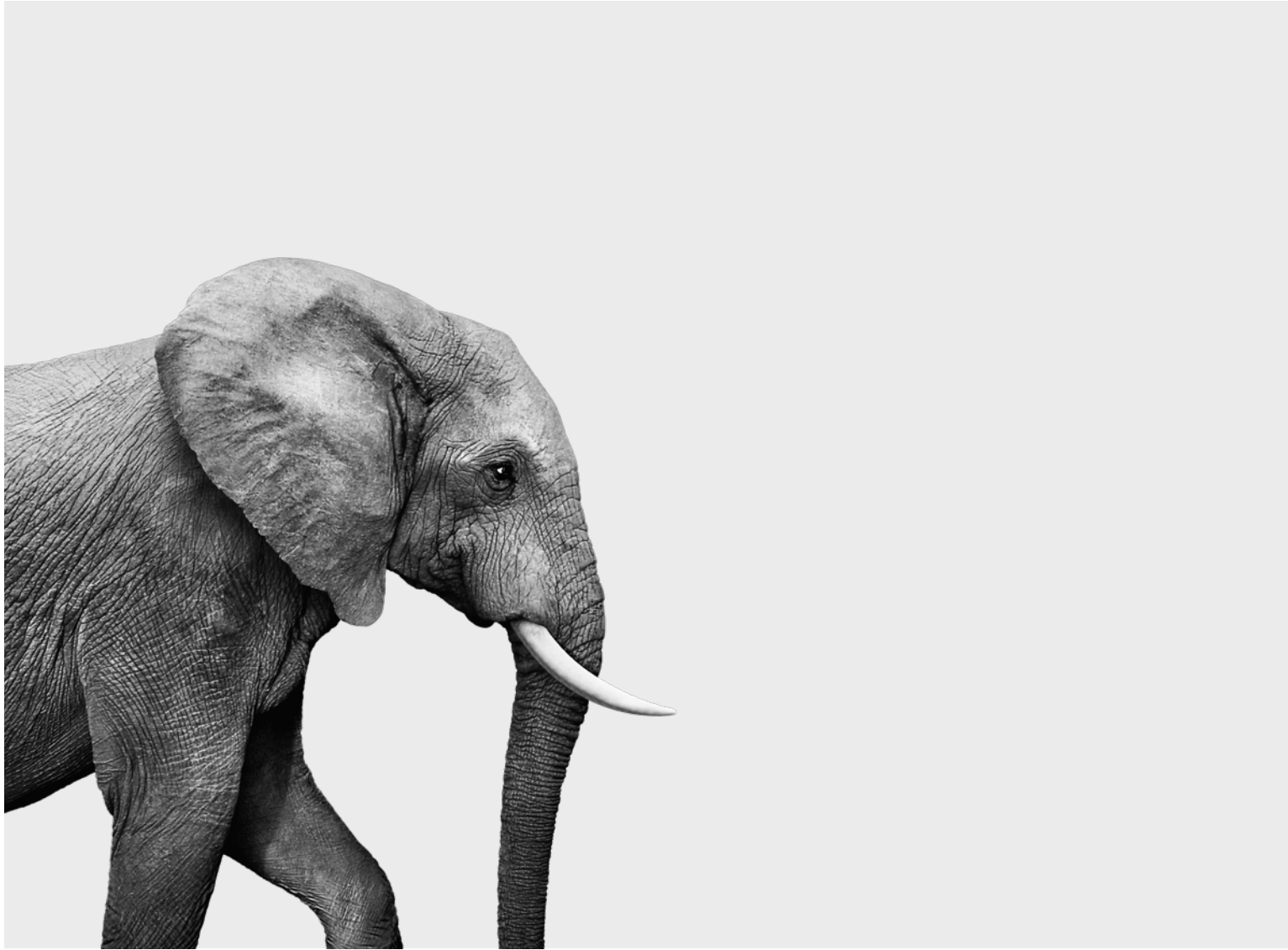
Do you qualify for the FHSA?

Yes, if you:

- Are a Canadian resident and you have a social insurance number
- Are of legal age in your province of residence
- Are under age 71
- Have not lived in a qualifying home in Canada that you or your spouse owned at any time in the year that the FHSA account was opened or at any time in the preceding four years

An advisor can help you find the strategy that works best for you.





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