



Pat Barnes
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RRSP Home Buyers Plan

The HBP is a program that allows you to withdraw funds from your RRSPs to buy or build a qualifying home. After January 27, 2009, you can withdraw up to \$25,000 in a calendar year. The home can be for you, or it can be for a related person with a disability.

You do not have to include eligible withdrawals in your income, and your RRSP issuer will not withhold tax on these amounts. You can withdraw a single amount or make a series of withdrawals throughout the same calendar year, provided the total of your withdrawals is not more than \$25,000. If you buy the qualifying home with your spouse or common-law partner, or with other individuals, each of you can withdraw up to \$25,000.

Can I use funds withdrawn under the HBP for other purposes?

As long as you buy or build a qualifying home, and you meet all the applicable conditions to participate in the HBP, you can use the funds you withdrew under the HBP for any purpose.

Note

Your RRSP contributions must remain in the RRSP for at least 90 days before you can withdraw them under the HBP, or they may not be deductible for any year.

Can a withdrawal be made from any RRSP?

You (the participant) can only withdraw funds from an RRSP under which you are the annuitant. In the case of spousal or common-law partner RRSPs, the annuitant is the person who will receive benefits from the plan.

RRSPs and Other Registered Plans for Retirement.

Some RRSPs, such as locked-in or group RRSPs, do not allow you to withdraw funds from them. Your RRSP issuer can give you more information about the types of RRSPs that you have and whether or not withdrawals can be made from these plans to participate in the HBP.

What are the conditions for participating in the HBP?

A number of conditions have to be met in order to participate in the HBP. While some conditions have to be met **before** you can withdraw funds from your RRSPs, others apply **when** or **after** you receive the funds.



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You have to enter into a written agreement to buy or build a qualifying home
To withdraw funds from your RRSPs under the HBP, when you are buying or building a qualifying home for yourself or a related person with a disability, you must first have entered into a written agreement to buy or build a qualifying home. Obtaining a pre-approved mortgage does not satisfy this condition. You have to intend to occupy the qualifying home as your principal place of residence.

When you withdraw funds from your RRSPs under the HBP, you have to intend to occupy the qualifying home as your principal place of residence no later than one year after buying or building it. Once you occupy the home, there is no minimum period of time in which you have to live there.

You have to be considered a first-time home buyer

Generally, before you can withdraw funds from your RRSPs to buy or build a qualifying home, you have to meet the first-time home buyer's condition. You are not considered a first-time home buyer if, at any time during the period beginning January 1 of the fourth year before the year of the withdrawal and ending 31 days before the withdrawal, you or your spouse or common-law partner owned a home that you occupied as your principal place of residence.

If at the time of the withdrawal you have a spouse or common-law partner, it is possible that only one of you will be considered a first-time home buyer. Your repayable HBP balance on January 1 of the year of the withdrawal has to be zero.

If you have previously participated in the HBP, you may be able to do so again if your HBP balance is zero on January 1 of the year during which you plan on making another HBP withdrawal; **and** you meet **all** the other HBP conditions that apply to your situation.

Neither you nor your spouse or common-law partner can own the qualifying home more than 30 days before the withdrawal

You have to be a resident of Canada

You have to receive all withdrawals in the same calendar year

You cannot withdraw more than \$25,000

You have to buy or build the qualifying home before October 1 of the year after the year of the withdrawal

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