



## FHSA ~ Laurel Hickey & Garth Bluekens

### What's FHSA Got To Do With It?

At the end of 2022 the federal government announced a new investment account that will be available to Canadians in 2023- the Tax-Free First Home Savings Accounts (FHSA). The account is designed to help first-time home buyers save for the purchase of a home, by giving them the ability to save up to \$40,000 tax-free with an annual contribution limit of \$8,000. Since the account is designed for first-time home buyers, those wishing to open a FHSA need to be over 18 and have not owned a home for at least 5 years. We feel that this account is very beneficial as a savings vehicle as it combines the benefits of a TFSA and RRSP when it comes to saving for a home. To better explain this, some of the differences between the accounts are:

#### TFSA

Withdrawals from a TFSA are tax-free and can be contributed back to your TFSA the year following withdrawal. Since the withdrawals are tax-free, you don't get the benefit of using the contribution against your taxable income.

#### RRSP

RRSP contributions can be used against your taxable income, but when you withdraw from the account, these withdrawals are taxed as if they were income. There is the Home Buyers Plan already in place, which allows you to withdraw up to \$35,000 from your RRSP tax-free to purchase a home, but these funds need to be paid back into the account within 15 years starting the second year after the year of withdrawal.

#### FHSA

FHSA take elements of all these plans by allowing you to deduct your contributions against your income, make withdrawals from the plan tax-free and have the income and gains generated in the account be non-taxable. The FHSA account ends 14 years after the plan was open. If the funds were not all used towards a home, the account can be transferred to your RRSP without affecting your contribution room. This gives you flexibility as the funds can still grow in your RRSP and be used as income in retirement.

As of right now, National Bank Financial is setting up the administration of these accounts for wealth management clients and the account has already been launched at National Bank as of mid-April. With a full roll out before year end, this will allow anyone qualified and interested in opening the account to use the contribution against their 2023 income. Unlike a RRSP, you can't make contributions for the previous year in the first 60 days of the next year. All FHSA contributions need be done in the calendar year that the contribution will be deducted against your income. If you qualify for a FHSA and are interested in learning more, please don't wait to reach out! We can work this account into our planning and discuss short term savings solutions that can get the money working for you prior to the account being opened.

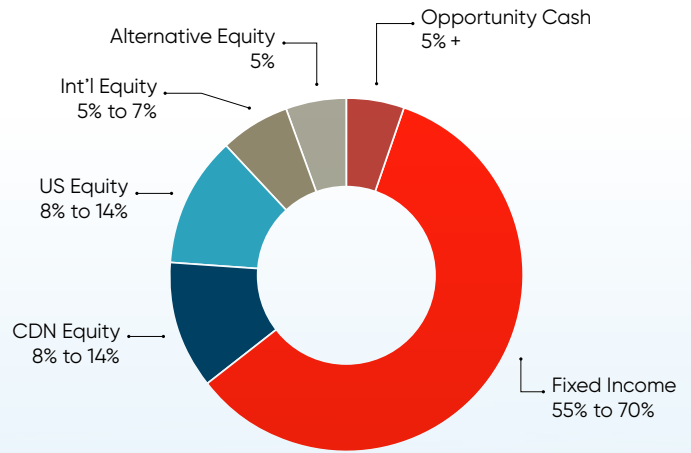
<sup>1</sup> [Legislation to make life more affordable and build an economy that works for everyone receives Royal Assent - Canada.ca](#)

<sup>2</sup> [Opening and closing your FHSAs - Canada.ca](#)

<sup>3</sup> [How to repay the funds withdrawn from RRSP\(s\) under the Home Buyers' Plan \(HBP\) - Canada.ca](#)

## Conservative Income Investment Goal Allocation

**Your Investment Policy CONSERVATIVE INCOME:** On the whole, you want fixed income investments. You want to preserve your capital or create a source of periodic income to finance ongoing expenses. You are not against the idea of investing a small part of your portfolio in equities, mainly to counteract the effects of inflation. If you feel that your risk tolerance has shifted please let us know!



**Source:** This information is for illustration purposes and subject to change. Your portfolio may not hold all of these positions. We enhance the composition of your portfolio with additional equity solutions that are not illustrated. The weightings change with market fluctuations and model rebalancing.



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