

Home Buyers Plan

The federal Home Buyers Plan was originally promoted by REALTORS® as a way the federal government could support home ownership. The plan was launched in 1992, and since then more than 700,000 homes have been purchased by first time home buyers using their RRSP investments.

Under terms of the Home Buyers Plan (sometimes known as the RRSP program) participants in a home buying agreement can borrow up to \$20,000 from their RRSP to use in the purchase of a principle residence in Canada. Funds on deposit in an RRSP for a minimum of 90 days qualify under the plan. Almost every type of property qualifies, including a duplex, triplex, condominium, co-op, co-ownership, and mobile homes.

Because there are usually two participants involved in the purchase of each home, there can be a maximum of \$40,000 available from individual RRSPs that can be used. If one spouse or partner has owned a home, but not the other, then the previous owner would not qualify and only one could apply for the Home Buyers Plan.

Individuals have 15 years to repay the RRSP withdrawal without penalty. This means 1/15th of what's borrowed is due each year, over a 15-year span (for example on a \$7,500 withdrawal, that's \$500 annually). Repayments can start sooner, and penalty-free prepayments are also allowed.

Ask your REALTOR®, financial institution or mortgage lender for additional details.