

## **Using your RRSP to make a down payment on your first home – a wise move**

Saving up the minimum 5% down payment on the purchase of a home is not always easy, especially when it's your first home. That's why the Home Buyers' Plan was created. If you are buying your first home or if you or your spouse have not owned a home during the five years prior to the date of withdrawal from your RRSP, you can participate in the Home Buyers' Plan and use the funds accumulated in your RRSP as a down payment without paying tax on the funds withdrawn. Under the plan:

- You and your spouse can each withdraw up to \$20,000 from your RRSP
- You have 15 years, as of the second calendar year after the withdrawal, to repay your RRSP
- Your annual repayment must be equal to 1/15 of the total amounts withdrawn

To be eligible for the Home Buyers' Plan, the home must be located in Canada, purchased or built before October 1 of the calendar year following the RRSP withdrawal and serve as the buyer's principal residence within a year of being purchased or built.

It is however important to mention the three financial considerations that participation in the Home Buyers' Plan implies:

- The amounts withdrawn will not accrue interest until you pay them back to the RRSP. It is therefore a good idea to compare the rate of return your RRSP is earning versus the rate on your mortgage and see which one is better.
- If you are not able to repay the minimum amount in a given year, you must add that amount to your income on your income tax return.
- The amounts repaid will not be considered RRSP contributions and will therefore not be tax deductible.

If you would like more information on the Home Buyers' Plan, call our **TelNat Customer Service Centre at 1-888-483-5628 (options 5 and 3)**, visit our website at **[www.nbc.ca](http://www.nbc.ca)** or drop by one of our branches.