

Increasing Withdrawal Limits Under the Home Buyers' Plan

The Home Buyers' Plan (HBP) allows first-time home buyers to withdraw up to \$20,000 from a Registered Retirement Savings Plan (RRSP) to purchase or build a home. Unlike regular RRSP withdrawals, HBP withdrawals are not included in income when withdrawn. Amounts withdrawn under the HBP must be repaid over a 15-year period, starting the second year following the year of the withdrawal, or included in the individual's income if not repaid.

To provide first-time home buyers with additional access to their RRSP savings to purchase or build a home, Budget 2009 proposes **to increase the HBP withdrawal limit to \$25,000 from \$20,000** in respect of withdrawals made after January 27, 2009. It is also proposed that the increase apply to HBP withdrawals made for the purchase of a more accessible or functional home where the individual making the withdrawal is eligible for the Disability Tax Credit (DTC), or if the withdrawal is made for the benefit of a DTC-eligible person who is related to the individual making the withdrawal. This is the first increase in the withdrawal limit since the HBP was introduced in 1992.

With the \$5,000 increase to the withdrawal limit, two first-time home buyers purchasing a home jointly (e.g. a married or common-law couple) with sufficient RRSP funds in each of their names may now **together withdraw up to \$50,000 from their RRSP funds** toward the purchase of a home in Canada.