

FREE GUIDE · OCTOBER 2026 EDITION

The complete FHSA guide

Buying your first home with help from the tax system: how the First Home Savings Account works, and why it makes sense to hold it in segregated funds.

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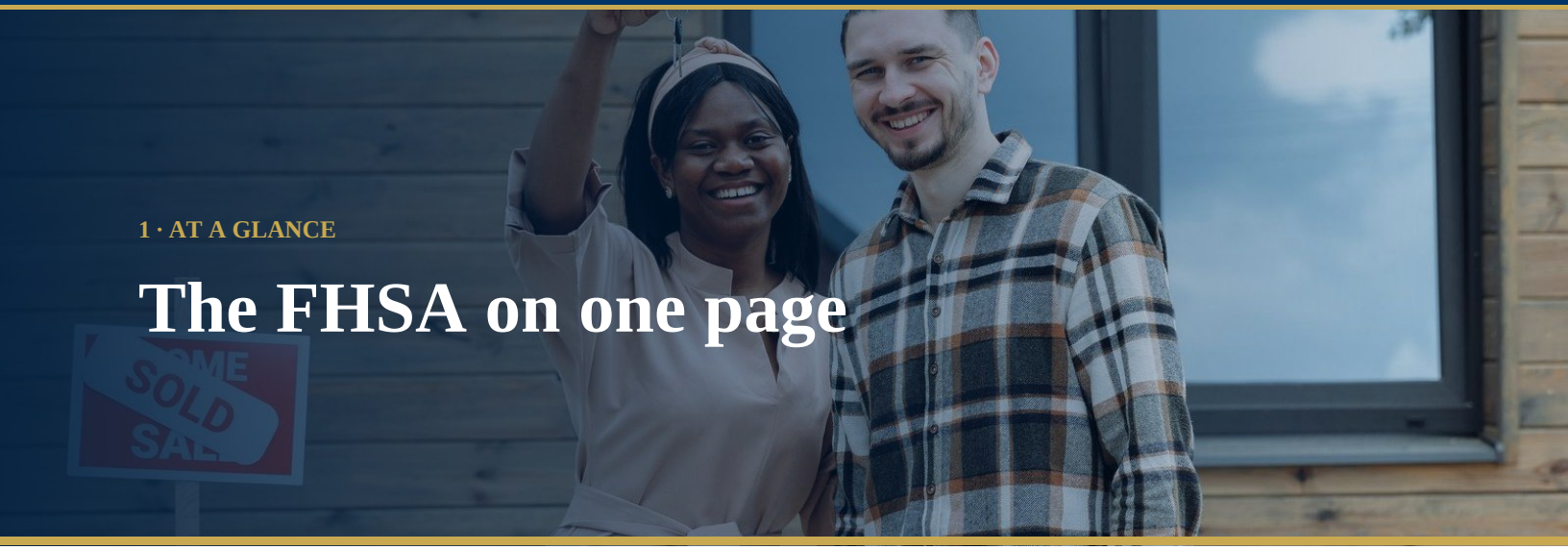
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1 · AT A GLANCE

The FHSA on one page

The FHSA came into force on April 1, 2023. It is the only account in Canada that combines both major tax advantages: contributions lower your tax, like an RRSP, and the money you withdraw to buy your first home is not taxed, like a TFSA. For a renter who dreams of owning, it is almost always the first account to open.

$8,000
The annual contribution limit. It is not indexed.

$40,000
The lifetime contribution limit, per person.

$16,000
The most you can contribute in one year: $8,000 plus $8,000 of room carried forward from the previous year.

15 years
The maximum life of the account, from the opening of your first FHSA.

$0 in tax
On a qualifying withdrawal to buy your first home, growth included.

Dec. 31
The contribution deadline. No 60-day grace period as with the RRSP.

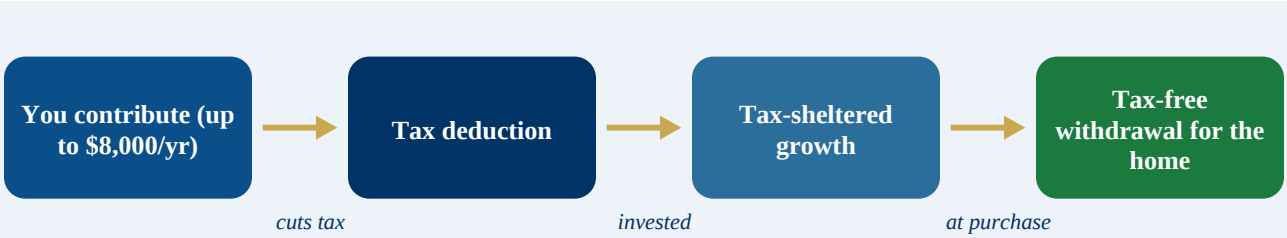
Sources: Income Tax Act, s. 146.6; Canada Revenue Agency; Chair in Taxation and Public Finance, Université de Sherbrooke (FHSA fact sheet, 2025 parameters). In Québec, the contribution is also deductible on the Revenu Québec return (line 215 of the 2025 return).



2 · HOW IT WORKS

Deductible going in, tax-free coming out

You open the account, you contribute, and every dollar you put in can be deducted from your income, federally and in Québec. The money is invested and grows tax-free. The day you buy your first home, you withdraw everything, contributions and growth, without paying a cent of tax.



Nothing forces you to claim the deduction in the year you contribute. If your income is low today and will rise soon, you can keep the deduction for a year when your tax rate is higher, even after the account is closed.

> **The difference that matters**
> With the HBP, money withdrawn from the RRSP is a loan to yourself: it must be repaid over 15 years. With the FHSA, there is nothing to repay. The withdrawal is permanently tax-free.



3 · WHO CAN OPEN ONE

The two first-time buyer tests

To open an FHSA, you must be at least 18 (and no older than 71), live in Canada and be a "first-time home buyer". The law applies this test twice: when you open the account, and again when you withdraw. The two tests are not identical, and the difference often works in favour of couples.

	When opening the account	When withdrawing
Who is covered	You and your spouse	You only
The rule	You did not live, as your principal residence, in a home owned by you or your spouse, this year or in the previous 4 calendar years	You did not live in a home owned by you, this year (except the 30 days before the withdrawal) or in the previous 4 years
Consequence	If your spouse owns the home you share, you cannot open an account	If you opened your account before moving in with a homeowner spouse, your withdrawal can still qualify

Good to know

A qualifying home is a housing unit located in Canada: a house, semi-detached, townhouse, condo, unit in a duplex or triplex, and even a co-op share that gives an ownership interest. A co-op share that only gives the right to live in the unit does not count.

Source: Income Tax Act, s. 146.6(1); CFFP, Université de Sherbrooke.



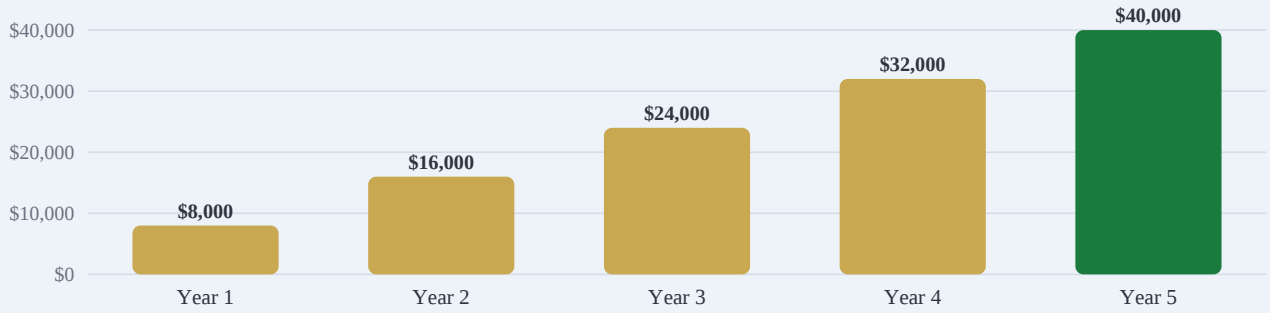
4 · CONTRIBUTIONS

Limits, carry-forward and deadline

The limit is $8,000 a year and $40,000 for life. It does not depend on your income. Room only starts building once the account is open: this is the least-known rule, and the one that costs the most to people who wait.

The unused portion of one year carries forward to the next, up to $8,000. Opening the account with a token deposit this year therefore lets you contribute $16,000 next year.

Cumulative contribution room after opening the account



Years since the account was opened

- The deadline is December 31. A contribution made in January or February counts for the new year.
- Only you can contribute to your FHSA and deduct the contributions. A parent can give you the money; you deposit it and get the deduction.
- No over-contribution is tolerated: any excess is taxed at 1% per month.
- A transfer from an RRSP to the FHSA is allowed, tax-free, but it is not deductible and it uses your FHSA room.

Our advice

Even if you have no money to invest this year, open the account. A $25 deposit is enough to start the room clock.

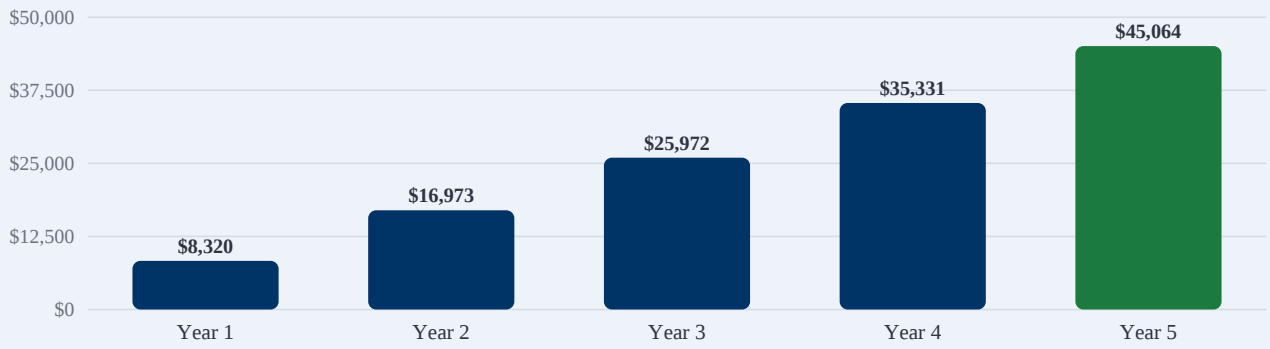


5 · WHAT IT'S WORTH

A five-year example in numbers

Camille, 27, a nurse in Laval, earns $70,000. Her combined federal and Québec marginal tax rate is about 36%. She contributes $8,000 at the start of each year for five years, and her investments earn 4% a year, a cautious assumption.

Value of Camille's FHSA at the end of each year



Assumption: $8,000 at the start of each year, 4% annual return (not guaranteed)

After five years	Amount
Total contributions	$40,000
Growth earned (not taxed)	about $5,060
Account value, available for the down payment	about $45,060
Tax saved through the deductions (36%)	about $14,400
Tax payable on the withdrawal for the home	$0

Illustrative example. Your actual marginal rate depends on your income and on the tax parameters of the year. Returns are not guaranteed.



6 · THE WITHDRAWAL FOR THE HOME

The conditions for a qualifying withdrawal

For the withdrawal to be tax-free, all of the following conditions must be met at the time of the withdrawal. If even one is missing, the amount withdrawn is taxable, with tax withheld at source.

1	You are a resident of Canada.
2	You are still a first-time home buyer (the withdrawal test, previous page).
3	You have a written agreement to buy or build a qualifying home before October 1 of the year following the withdrawal. An accepted offer to purchase qualifies.
4	You did not acquire the home more than 30 days before the withdrawal.
5	You intend to occupy it as your principal residence within one year of buying or building it.
6	You complete form RC725 and give it to the institution that holds your FHSA.

The steps

The offer to purchase — Your offer is accepted. Keep a copy: it is the written agreement required.

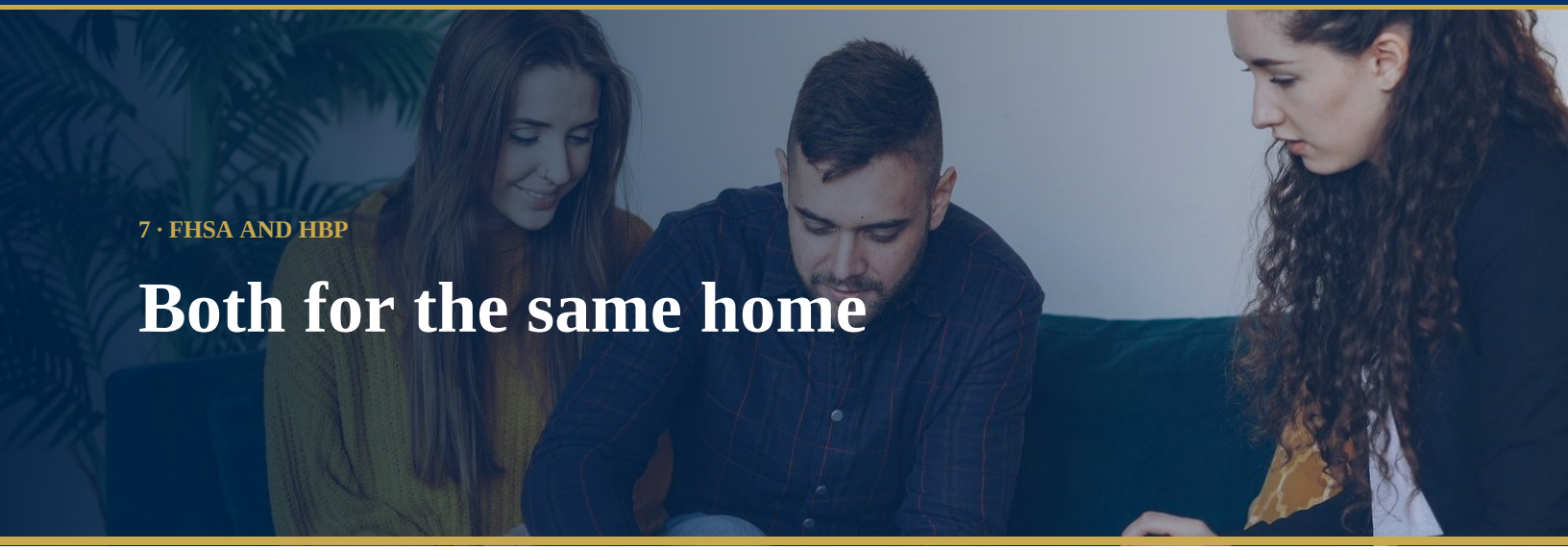
Form RC725 — You complete it and give it to the insurer or institution that holds your FHSA.

The payment — The funds are paid to you with no tax withheld, usually in time for the notary.

Closing the account — The account must be closed by December 31 of the year after your first qualifying withdrawal. Any balance left can go to your RRSP tax-free.

One home in a lifetime

The FHSA can only be used once: one or several qualifying withdrawals, but for a single home. After the first qualifying withdrawal, new contributions are possible until the account closes, but they are no longer deductible. Better to avoid them.



7 · FHSA AND HBP

Both for the same home

Nothing prevents you from using both the FHSA and the Home Buyers' Plan (HBP) for the same purchase. The HBP lets you withdraw up to $60,000 from your RRSP, to be repaid over 15 years. For a couple who have each maxed out their FHSA and have enough in their RRSPs, the down payment can exceed $200,000.

	FHSA	HBP (RRSP)
Maximum amount	The full value of the account ($40,000 of contributions + growth)	$60,000 per person
Repayable?	No, never	Yes, over 15 years; otherwise the unpaid amount is added to income
Tax on withdrawal	None (qualifying withdrawal)	None, as long as repayments are made
First-time buyer test	At opening and at withdrawal	At withdrawal
Contribution deadline	December 31	First 60 days of the following year (RRSP contribution)

THE EXAMPLE OF MATHIEU AND SARAH

Mathieu and Sarah each open an FHSA and put in $8,000 a year for five years. At 4% a year, each account is worth about $45,000.

Each can also withdraw up to $60,000 from their RRSP under the HBP. Together: about $90,000 from the FHSAs, tax-free and never repaid, plus up to $120,000 from the HBP. A down payment that often avoids CMHC mortgage loan insurance.

The HBP: maximum withdrawal of $60,000 since April 16, 2024. For withdrawals made from 2022 to 2025, repayment starts in the fifth year; otherwise, in the second year after the withdrawal.



8 · IF YOU DON'T BUY

Nothing is lost

Life changes. You move abroad, you decide to keep renting, you move in with a spouse who already owns. The FHSA was designed not to penalize you.

Transfer to your RRSP or RRIF	The balance can be transferred tax-free, and the transfer does not reduce your RRSP contribution room. It is a rare advantage: extra retirement savings, already deducted.
Taxable withdrawal	You can withdraw the money for another purpose, but it is then added to your income and taxed. The withdrawal restores no contribution room.
The deadlines	The account must be closed by the end of the year of the 15th anniversary of the opening of your first FHSA, the year you turn 71, or the year after your first qualifying withdrawal, whichever comes first.

The right move

Before the closing date, ask for a direct transfer to your RRSP. A transfer made by the institution triggers no tax; a withdrawal followed by a deposit does.



9 · IN SEGREGATED FUNDS

The guarantees, and what they are really worth

The FHSA can be held in a segregated fund contract offered by a life insurer. For example, Equitable offers it in its Select segregated funds, in the Investment 75/75 and Estate 75/100 classes. Your money is invested in professionally managed funds, and the contract adds protections that an ordinary account does not offer.

75%

Maturity guarantee
At the contract's maturity, often 10 or 15 years after the deposit, you get back at least 75% of your deposits, reduced proportionally by withdrawals.

100%

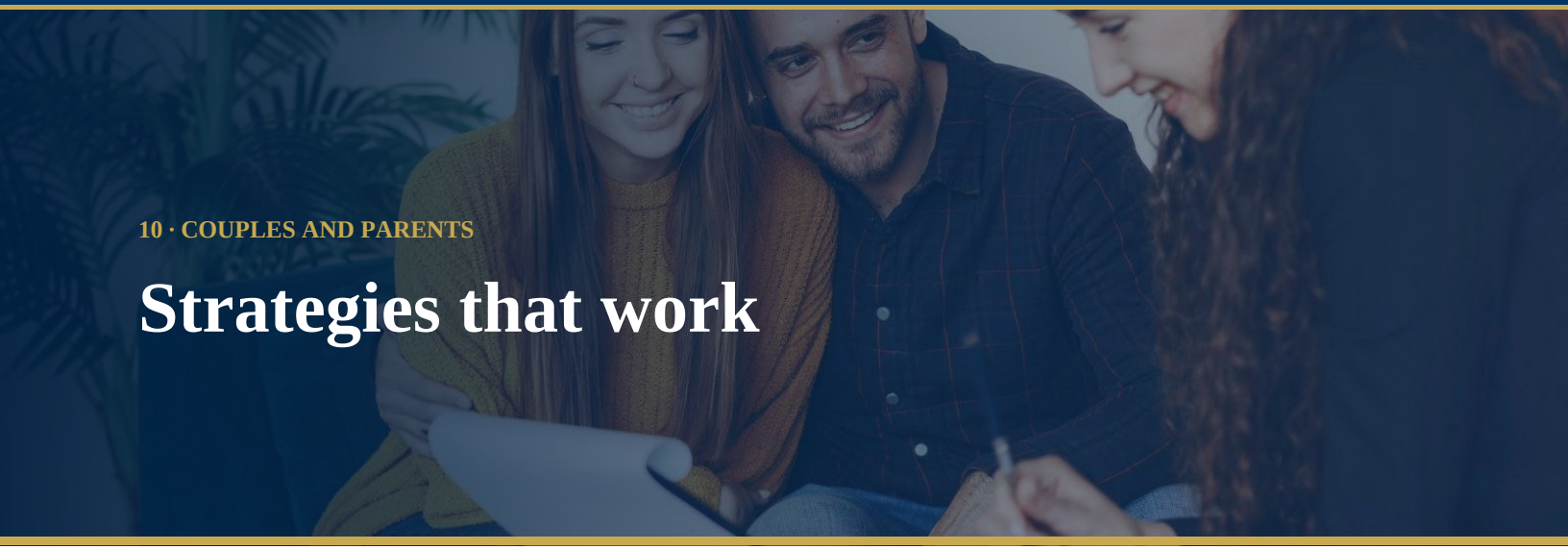
Death benefit guarantee
Depending on the class, at death the beneficiary receives at least 75% or 100% of the deposits, even if markets have fallen.

90%

Assuris
If a member insurer were to fail, Assuris protects the guarantees up to $100,000 or 90% of the guaranteed amount, whichever is higher.

To be completely frank
An FHSA is often used for less than ten years. If you withdraw the money to buy before the contract matures, the maturity guarantee does not apply: you receive the market value. The protection that really counts during this period is the death benefit guarantee and the direct payment to the named beneficiary. For a down payment planned in two or three years, a conservative fund remains the best shield against a market drop.

Guarantees have a cost, included in each fund's management expense ratio (MER). Ask for the Fund Facts before choosing.



10 · COUPLES AND PARENTS

Strategies that work

01
Each to their own account
Room is personal. A couple of first-time buyers can build up $80,000 in contributions, plus growth.

02
Open early, even with no money
Room only builds from the opening date. A minimal deposit is enough.

03
Keep the deduction for later
A student or young worker can contribute now and deduct later, when their income is higher.

04
The parents' gift
Parents can give money to their adult child. The child contributes and gets the deduction.

05
The RRSP transfer
An RRSP that is already well stocked can feed the FHSA, tax-free, to benefit from a final withdrawal that is never repaid.

06
Spouse already a homeowner
Open your FHSA before moving in with your homeowner spouse: the withdrawal test only looks at you.



11 · AT DEATH

What happens to the account

Nobody likes to think about it, but the designation made when you open the account determines who receives the money, and at what tax cost.

Designation	What happens
Successor holder (spouse only)	The surviving spouse takes over the account, if they are themselves eligible for an FHSA. Otherwise, they must transfer the balance to their RRSP or RRIF, tax-free, or withdraw it, on a taxable basis, by the end of the year after the death.
Spouse named as beneficiary	The spouse can transfer the amount to their own FHSA, RRSP or RRIF without reducing their room (form RC722).
Other beneficiary	The amount paid is taxable to them.
No designation	The money goes to the estate and is included in the deceased's final tax return, unless transferred to an eligible spouse.

The advantage of an insurance contract

In a segregated fund contract, the death benefit guarantee and the designation in the contract allow a fast payment, without waiting for the estate to be settled.

12 · RRSP, TFSA OR FHSA?

The comparison table

	RRSP	TFSA	FHSA
Contribution deductible	Yes	No	Yes
Withdrawal taxable	Yes (except HBP)	No	No, if qualifying
2026 limit	18% of income, max. $33,810	$7,000	$8,000 ($40,000 lifetime)
Deadline	60 days after year-end	None (room accumulates)	December 31
Room restored on withdrawal	No	Yes, the following year	No
Age	Up to 71	18 and over	18 to 71

For a first-time buyer, the order that most often pays off is the FHSA first, then the RRSP (for the HBP and retirement), then the TFSA. Every situation is different: your income, your purchase horizon and your current savings change the answer.

13 · MISTAKES TO AVOID

The ones we see most often

- × **Waiting until you have money to open the account**
  Every year without an account is a year of room lost.
- × **Contributing in February for the previous year**
  Unlike the RRSP, the deadline is December 31.
- × **Going over your limit**
  A 1% tax per month applies, with no tolerance threshold.
- × **Withdrawing before you have a written agreement**
  Without an offer to purchase or a construction contract, the withdrawal is taxable.
- × **Buying, then waiting more than 30 days to withdraw**
  The withdrawal must closely follow the purchase.
- × **Putting a down payment planned in two years into equities**
  A market drop at the wrong time can delay the purchase.
- × **Forgetting the closing date**
  Past the deadline, any balance not transferred becomes taxable.



14 · NEXT STEPS

Opening your FHSA

In a 30-minute meeting, in person in Montréal, by Google Meet or by phone, we check your eligibility, how much to contribute this year, the best time to claim the deduction and the funds that suit your purchase horizon.

Documents to have ready

- Valid photo ID and your social insurance number.
- Your latest notice of assessment, to plan the deduction.
- The amount in your RRSP, if you are considering the HBP or a transfer.
- Your purchase horizon: in one year, three years, five years or more.

BOOK A MEETING

maprime.ca/rendez-vous-en · 438 889-6474 · info@maprime.ca

Run the numbers

Scan the code with your phone's camera: the free Maprime.ca savings calculator estimates how your contributions could grow, in two minutes, with no sign-up.

Open the calculator →

Request a quote

Or scan this one to ask me for a segregated fund FHSA proposal, free and without obligation.

Request my quote →

Jean Carrière, independent representative through Groupe Cloutier, general agent. Financial security advisor, group insurance and group annuity plans representative and scholarship plan representative, registered with the Autorité des marchés financiers (certificate 259457). Verify my registration: lautorite.qc.ca.

IMPORTANT NOTICES AND SOURCES

Please read

- This guide provides general information. It is not personalized tax, legal or financial advice, nor a product recommendation. A needs analysis is required before any recommendation.
- Any amount allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value. The guarantees, fees and conditions that apply are those of the information folder, the contract and the Fund Facts, which alone are authoritative.
- I am an independent representative: I am not bound to any insurer by an exclusivity agreement and I compare products from several insurers. I am paid by commission from the insurer; I will disclose it on request.
- Rules and figures in effect in October 2026; they may change. Examples are illustrative. Images: Pexels photographs (Pexels licence) and an illustration generated by artificial intelligence; the people shown are models or fictional characters.

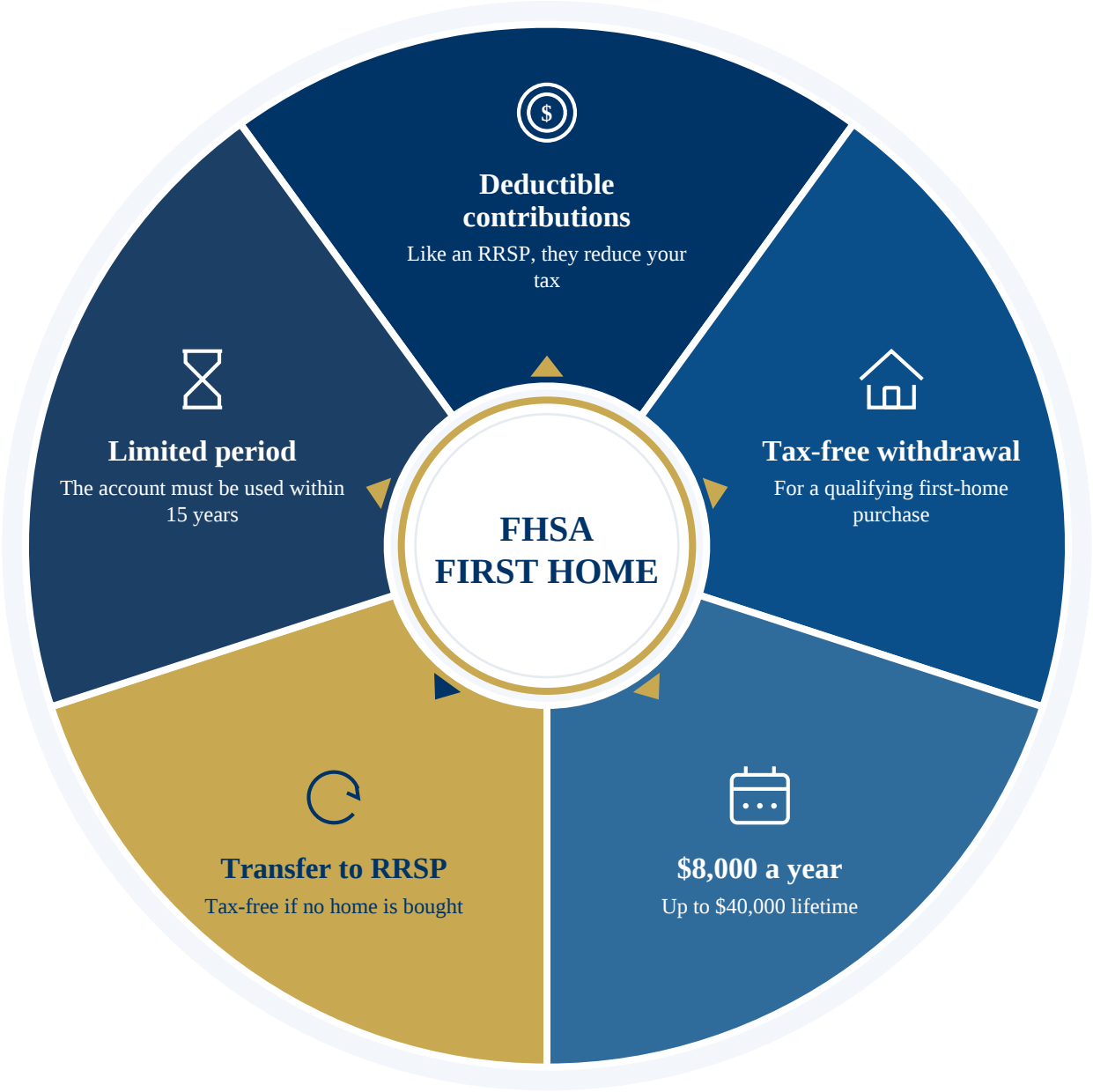
Sources consulted

- Income Tax Act, s. 146.6 (FHSA), para. 60(i) and s. 207.021
- Canada Revenue Agency: FHSA, qualifying withdrawals (form RC725), death of the holder (RC722, RC724)
- Chair in Taxation and Public Finance, Université de Sherbrooke, FHSA fact sheet (2025 parameters)
- Revenu Québec, income tax return, line 215 (FHSA deduction) and RL-32 slip
- Canada Revenue Agency, Home Buyers' Plan ($60,000)
- Equitable, FHSA in its Select segregated funds (Investment 75/75 and Estate 75/100)
- Assuris, protection of segregated fund contract guarantees

AT A GLANCE

The FHSA at a glance

The essential features of this solution, on a single page.



General features for information only. Guarantees, options, limits and tax rules vary by insurer, contract and your situation.

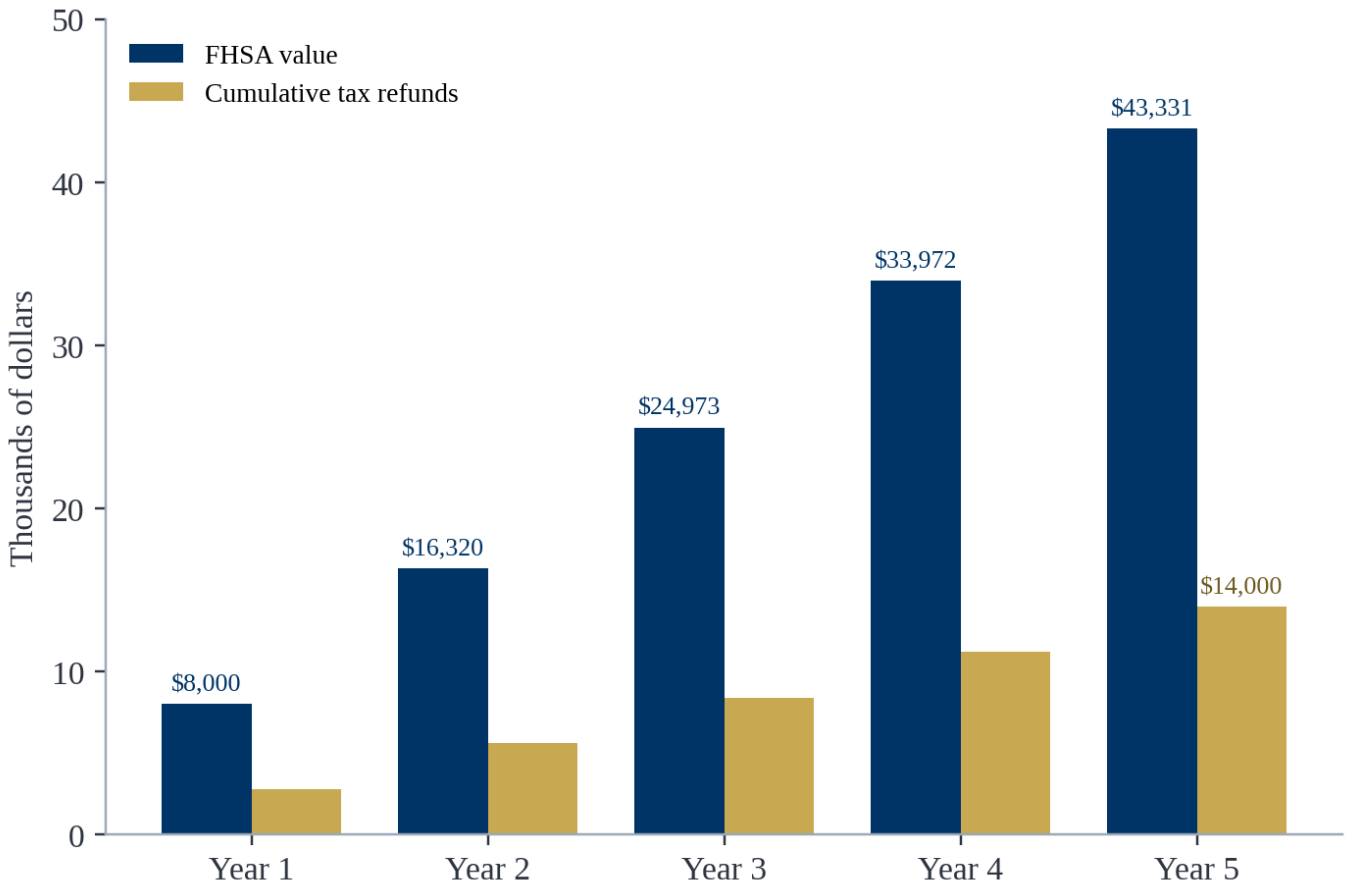
Let's talk about your situation

A free 30-minute meeting: 438 889-6474 · maprime.ca/rendez-vous-en · info@maprime.ca

THE ADVANTAGES IN A CHART

A down payment built with help from tax savings

Contributions are deductible like an RRSP, and the withdrawal for a qualifying first home is tax-free: the two advantages add up.



Assumptions and sources

Assumptions: $8,000 a year for 5 years ($40,000 lifetime), 4% return, 35% marginal rate.

Your numbers, not assumptions

I'll redo this calculation with your real situation: 438 889-6474 · maprime.ca/rendez-vous-en

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