

HBP-RRSP Loan

Home Buyers' Plan



La Capitale

Insurance and
Financial Services





HBP-RRSP Loan

Use your RRSPs to purchase a home

Would you like to buy a home but don't have the necessary down payment? Or would you simply like to boost the amount you already have to put down? The Home Buyers' Plan (HBP) lets you make a tax-free withdrawal of up to \$25,000 from your RRSP to purchase a home. La Capitale gives you the added option of an HBP-RRSP loan.¹



Benefits of a La Capitale HBP-RRSP loan

- **Makes it easier** to buy your first home
- Allows you to transform thousands of dollars in unused RRSP contribution room into considerable **tax savings**
- **No credit check** (doesn't affect your credit rating)
- Simple **process**

Eligibility criteria for the HBP

- Must be a Canadian resident
- Must not have owned or be the spouse or common-law partner of the person who has owned the principal residence in the past 5 years; in the latter case, the HBP balance must be zero on January 1 of the year of withdrawal
- Must have made a purchase offer prior to applying for the HBP
- Must have purchased the property no later than October 1 in the year following your HBP application
- Must intend to occupy the home as a principal residence
- Must sign the mortgage deed at least 61 days following your RRSP loan

A program designed to help you buy your first home

The Home Buyers' Plan (HBP) was created to help people acquire a first home. Those who qualify can withdraw up to \$25,000 from their RRSP without having to pay taxes. This amount can serve as the entire down payment or be used to top up the down payment on the purchase of a new or existing home.

TWO WAYS TO USE YOUR RRSP TO PURCHASE A HOME

- 1 Withdraw from the RRSP funds you already have
- 2 Use your unused RRSP contribution room to take out a La Capitale HBP-RRSP loan¹

THE HBP-RRSP LOAN: A SIMPLE AND PRACTICAL WAY TO BOOST YOUR DOWN PAYMENT

Follow this simple procedure to take out a La Capitale HBP-RRSP loan:

- Borrow up to \$24,500.¹
- Deposit the amount in an RRSP for a minimum of 90 days.
To qualify for the HBP, an amount borrowed for an RRSP contribution must remain in an RRSP for a minimum of 90 days. Otherwise, it will not be tax-deductible.
- When the 90 days are up, withdraw the borrowed amount from the RRSP and reimburse the loan.
During this period, you pay interest on your La Capitale loan for which La Capitale will give you a tax receipt to confirm your participation in the HBP.
- At your next income tax filing, attach the RRSP contribution slip and receive a tax refund.
- Use the latter as your entire down payment or to boost it. You can also put this refund to other uses.
- Reimburse the HBP-RRSP loan over a period of 15 years.
Generally speaking, you must reimburse an amount equal to $\frac{1}{15}$ of your HBP-RRSP loan each year. If you don't reimburse the designated amount each year, you must declare it in your income, which will increase the taxes you owe.

1. The maximum amount of the La Capitale HBP-RRSP loan is set at \$24,500 for administrative reasons. Available in Quebec only.

Combine your RRSP and unused contribution room

Maximize your down payment by combining the RRSPs you already have with your unused contribution room by taking out a La Capitale HBP-RRSP loan.

Take the example of Stephen²

- Funds accumulated in his RRSP: **\$8,000**
- Unused contribution room: **\$20,000**

Calculation of the HBP-RRSP loan amount	Tax refund	Available down payment
$\begin{array}{r} \$25,000 \\ - \$8,000 \\ \hline \$17,000 \end{array}$ <p>Maximum amount minus accumulated RRSP funds</p>	$\begin{array}{r} \$17,000 \\ \times 35\% \\ \hline \$5,950 \end{array}$	$\begin{array}{r} \$8,000 \\ + \$5,950 \\ \hline \$13,950 \end{array}$

With the funds taken from his RRSP and the tax refund he got from his HBP-RRSP loan, Stephen received a \$13,950 down payment for his first home.

For more information about the La Capitale HBP-RRSP loan or to apply for the Home Buyers' Plan, consult your La Capitale Financial Services partner financial security advisor.

2. For information purposes only.



Guided by the values of mutualism on which it was founded, La Capitale works with people to build, protect and value what they feel counts for their financial security.

To find out more about the numerous benefits associated with La Capitale's products, contact us or visit our website.

lacapitale.com

This document is not a contract. It merely provides an overview of the coverage available. Only the insurance policy and application may be used to settle legal issues. Contracts are issued by La Capitale Civil Service Insurer Inc.

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