

## Home Buyers' Plan

The Home Buyers' Plan (HBP) allows first-time home buyers to withdraw amounts from a Registered Retirement Savings Plan (RRSP) to purchase or build a home without having to pay tax on the withdrawal. Budget 2009 proposes to increase the HBP withdrawal limit to \$25,000 from \$20,000.

For HBP purposes, an individual is generally considered to be a first-time home buyer if neither the individual nor the individual's spouse or common-law partner owned and lived in another home in the calendar year in which the HBP withdrawal is made or in any of the four preceding calendar years. Special rules apply to facilitate the acquisition of a home that is more accessible or better suited for the personal needs and care of an individual who is eligible for the disability tax credit, even if the first-time home-buyer requirement is not met. These rules will also be modified to provide the same \$25,000 withdrawal limit.

Withdrawn funds must generally be used to acquire a home before October of the year following the year of withdrawal. Amounts withdrawn under the HBP are repayable in instalments over a period not exceeding 15 years. To the extent that a scheduled repayment for a year is not made, it is added to the participant's income for the year. A special rule denies an RRSP deduction for contributions withdrawn under the HBP within 90 days of being contributed.

This increase in the HBP withdrawal limit will apply to the 2009 and subsequent calendar years in respect of withdrawals made after January 27, 2009.