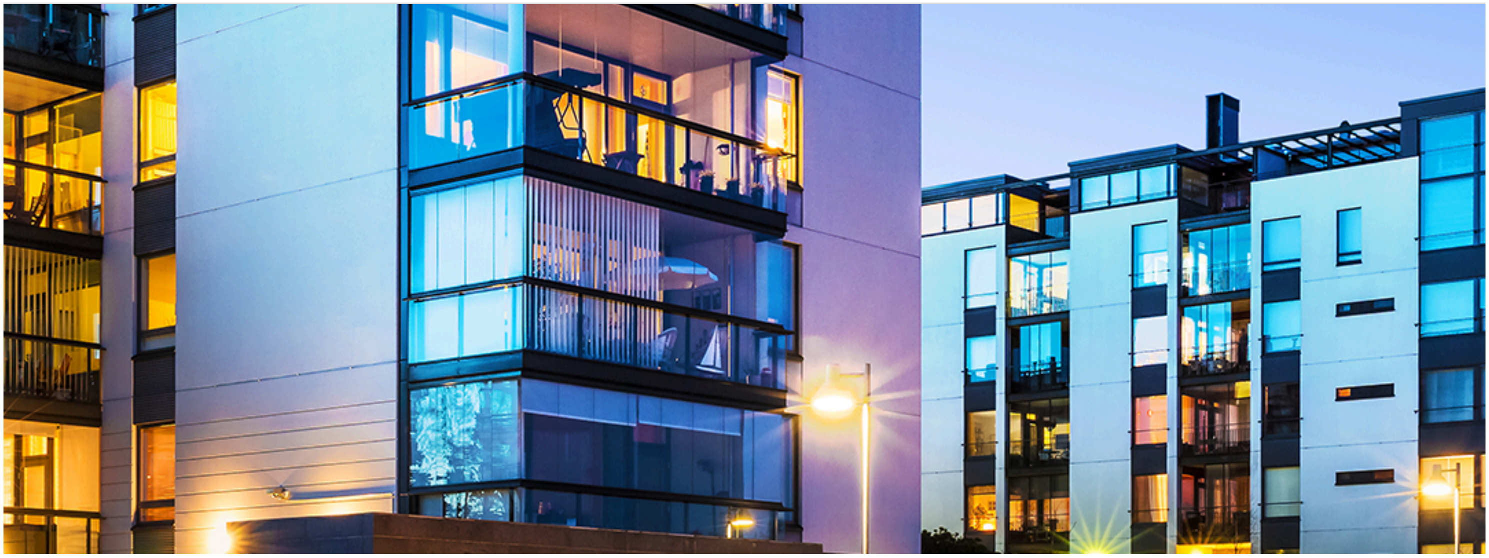
Sun Life



FHSA: Tax-free first home savings account

Save money for your first home in Canada.

Connect with an advisor to start saving today.

Find an advisor

Last updated: February 8, 2024 | Reviewed by **Paul Thorne**

What's an FHSA?

The Tax-Free First Home Savings Account (FHSA) is a registered investment account that allows Canadian residents to contribute up to $40,000 (with an annual contribution limit of $8,000) to buy their first home in Canada.

In general, FHSAs can hold any investments that a **TFSA** can hold – like stocks, **mutual funds**, **GICs** and **segregated funds**[1]. And, any investment growth and withdrawals from an FHSA will be tax-free. This is provided you use your withdrawals to buy a qualifying home.

[1] Not all investment options are offered with Sun Life. Check with your advisor or plan administrator for product availability.

What is a qualifying home?

A qualifying home is a housing unit located in Canada. This includes existing homes and those being constructed.

Single-family, semi-detached, townhouses, mobile homes, condominium units, and apartments in duplexes, triplexes, fourplexes, or apartment buildings all qualify.

A share in a co-operative housing corporation also qualifies if it entitles you to possession and gives you an equity interest in a housing unit located in Canada.

Connect with an advisor for more information

FHSA tax deduction

Qualifying contributions you make to an FHSA will be tax-deductible. This means you can claim a deduction and lower your taxable income, which may reduce the amount of tax you'll have to pay overall.

FHSA rules and eligibility requirements

Where available, you can open an FHSA so long as:

- you're a Canadian resident,
- you're at least 18 years* of age or older,
- you're under the age of 71, and

in the current calendar year or in the previous four calendar years, you or your spouse or common-law partner haven't lived in a home that either of you have owned at any time.

***FHSA age limit:** If you live in a province or territory where the age of majority is 19, then you must be 19 years of age or older to open an account.

Benefits of an FHSA

- ✔ Save money for a qualifying home.
- ✔ Tax-free withdrawals to buy a qualifying home.
- ✔ Tax-deductible contributions.

Learn more about the benefits of FHSAs

Video transcript

Opening an FHSA

Can I open an FHSA if I already own a home?

Not if you've lived in the home in the current year or in any of the four preceding years. You wouldn't be a first-time home buyer.

Can I open an FHSA if my spouse already owns a home?

Not if you've lived in their home in the current year or in any of the four preceding years. You wouldn't be a first-time home buyer.

Can I open an FHSA if I own a rental property?

Yes, so long as you haven't lived in the home in the current year or in any of the four preceding years.

FHSA contribution limit

Once you've opened an FHSA, you're allowed to contribute up to a lifetime limit of $40,000, with an annual contribution limit of $8,000.

FHSA Carry forward

Unused FHSA contribution room may be carried forward. The maximum FHSA contribution room you can carry forward to a later year is $8,000.

Learn more about how FHSA contributions work

Contribution rooms for FHSA and TFSA

An FHSA is not an extension of your **tax-free savings account (TFSA)**. FHSAs and TFSAs are two separate accounts. So, you'll have separate contribution rooms for your FHSA and TFSA.

Learn more about the differences between an FHSA and a TFSA

FHSA withdrawal

There are two types of FHSA withdrawals you can make: qualifying withdrawals and non-qualifying withdrawals. To make a tax-free withdrawal (also called a "qualifying withdrawal ") from your FHSA, you must meet **these specific conditions from the government**

Qualifying withdrawal

If you meet the government's conditions, you can withdraw as much as you'd like from your FHSA on a tax-free basis – either as a single withdrawal or a series of withdrawals. Please note that certain rules apply after you've made your first qualifying withdrawal. Visit our **FHSA withdrawals page** to learn more or **connect with an advisor** for more detailed information.

Non qualifying withdrawal

If you can't meet the government's conditions, then you can still make "non-qualifying" withdrawals from your FHSA. These are withdrawals that are subject to a withholding tax. They'll also be included in your taxable income in the year of the withdrawal.

Find an advisor

Connect with an advisor to find out what works best for your unique situation. An advisor can also address any questions or concerns you may have.

Enter your postal code to find an advisor near you.

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Find an advisor

Compare FHSAs to other savings plans

FHSAs vs HBPs

FHSAs vs RRSPs

FHSAs vs TFSAs

Life's brighter under the sun

We acknowledge that Sun Life operates in many Territories and Treaties across Canada. Our Canadian headquarters in Waterloo are on the traditional territory of the Anishnaabeg, Haudenosaunee Confederacy and the Mississaugas of the Credit First Nations.

Today, Canada is still the home to many Indigenous, First Nations, Inuit, and Metis peoples from all across Turtle Island. We are grateful to have the opportunity to work in this territory. We offer this acknowledgment as a stepping stone towards honouring the original occupants, as a testimony to the oppression faced by Indigenous peoples, and our commitment to Indigenous communities and employees of Sun Life.