

Fidelity FHSA: Tax-Free Savings for Your First Home

This article has been sponsored by Fidelity Investments Canada ULC.

For millions of Canadians, there are many reasons to view saving for a home as an uphill battle. Not only are real estate prices high in most Canadian markets, but rising interest rates have made it more challenging to qualify for a mortgage without a significant down payment.

There's good news for aspiring homeowners in Canada. Earlier this year, the Government of Canada introduced the FHSA or First Home Savings Account. This brand-new registered investment account allows Canadians to begin saving for their first home in a tax-friendly manner.

While it isn't available at all banks or financial institutions yet, Fidelity Investments Canada is one of the first financial institutions to offer the FHSA to Canadian investors.

What is an FHSA?

The First Home Savings Account program was introduced on April 1, 2023, to make it easier for Canadians to save for their first home. This account is designed to combine the tax-deductible contributions of a Registered Retirement Savings Plan (RRSP) with the tax-free growth of a Tax-Free Savings Account (TFSA).

While the FHSA will likely not provide enough funds to buy your new home outright, it certainly gives you a tax-advantaged head start from a young age. There are many benefits of an FHSA that makes it worthwhile. Withdrawals from the account to purchase a qualified home are tax-free. And if you have yet to use the funds after 15 years of account opening, your FHSA can be transferred to an RRSP or RRIF on a tax-free basis.

[The FHSA](#) is now available through Fidelity Investments Canada. Fidelity also has a wide selection of mutual funds, ETFs, and a vast library of investor education.

FHSA Eligibility

Canadians must meet some requirements to be [eligible](#) to open an FHSA:

- You must be a resident of Canada.
- You must be at least 18 years of age or the age of majority in your Province.
- You must not be older than 71 on December 31 of the year you open your FHSA.
- You must be a first-time home buyer, meaning you, or your spouse or common-law partner did not own a qualifying home that you lived in as your principal residence at any part of the calendar year before the account is opened or the preceding four calendar years.

The FHSA is intended to assist as many Canadians as possible, which is why the eligibility requirements are pretty straightforward. To learn more, check out [Fidelity's FHSA education centre](#).

FHSA Contributions and Deductions

As with other registered accounts like the TFSA or RRSP, the FHSA has strict annual and lifetime [contribution limits](#). The annual contribution limit is \$8,000, and the lifetime contribution limit is \$40,000.

There is also the ability to carry over unused contribution room to future years. For example, if you only contribute \$6,000 to your FHSA this year, you can contribute up to \$10,000 next year, i.e. \$2,000 carried

