Tax-Free First Home Savings Account

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What *didn't* change?

Personal tax rates

Capital gains inclusion rate

Corporate Class

Tax-smart cash flow

Source: 2022 Federal Budget Document

Tackling housing in Canada

Tax-Free First Home Savings Account

Home Buyers Tax Credit

Home Accessibility Tax Credit

Multigenerational Home Renovation Tax Credit

Anti-Flipping Rule

Source: 2022 Federal Budget Document

Tackling housing in Canada

Tax-Free First Home Savings Account (FHSA)

- A new registered account
- Hybrid between an RRSP and TFSA
- Deduction for contributions
- Income earned not subject to taxation
- Withdrawal to purchase first home not taxable

Source: 2022 Federal Budget Document

Tackling housing in Canada

Tax-Free First Home Savings Account (FHSA)

Contribution limits:

- $8,000/year
- Contribution carryforward available
  - Up to $8,000
- $40,000 lifetime limit
- Contribution can be:
  - Deducted in year, or
  - Carried forward indefinitely
- Option to transfer from RRSP

Source: 2022 Federal Budget Document

Tackling housing in Canada

Tax-Free First Home Savings Account (FHSA)

Withdrawals:

- No tax on withdrawal for qualified home
- Other withdrawals are taxable
- Option to transfer to RRSP/RRIF

Plan terms:

- Remain open for up to 15 years, or
- Until planholder reaches age 71

Source: 2022 Federal Budget Document

Tackling housing in Canada

Tax-Free First Home Savings Account (FHSA)

and!

FHSA ~~or~~ HBP

Source: 2022 Federal Budget Document

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Tax-Free First Home Savings Account (FHSA)

Taxation on death:

If spouse is successor holder, rolls to surviving spouse

- If spouse is ineligible to open an FHSA:
  - Roll to RRSP/RRIF, or
  - Withdraw on taxable basis

If beneficiary is not spouse:

- Funds are withdrawn, taxable to beneficiary

Source: 2022 Federal Budget Document

Important notice

This information is for general knowledge only and should not be interpreted as tax advice or recommendations. Every individual's situation is unique and should be reviewed by his or her own personal legal and tax consultants.

Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions and may experience a gain or loss. It is not possible to invest directly in an Index.

The monthly cash-flow distributions on Fidelity Tax-Smart CashFlow™ are not guaranteed, will be adjusted from time to time, and may include income. We will aim to keep cash flow between 7.5% and 9.0% of the NAV each year on Fidelity Tax-Smart CashFlow balanced funds on T8 and S8, as well as 4.5% and 5.5% of the NAV on T5 and S5 balanced funds. For equity funds, we will aim to keep cash flow between 6.0% to 10.0% of the NAV each year on T8 and S8, and between 4.0% to 6.0% of the NAV each year on T5 and S5.

A return of capital reduces an investor's adjusted cost base. Capital gains taxes are deferred until units are sold or until the ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. While investors in Series T8/S8 and/or T5/S5 will be able to defer some personal capital gains, they must still pay tax on capital gains distributions that arise from the sale of individual holdings by fund managers, and on interest and dividend distributions. Fidelity Tax-Smart CashFlow will also pay a distribution that must be reinvested in December, consisting of income and capital gains.

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On March 22, 2016, the 2016 Canadian Federal Budget included a proposal to change the Canadian tax rules so that after December 2016 switching shares of a class fund to shares of another class fund within a mutual fund corporation will be a disposition at fair market value for tax purposes and will trigger a capital gain or loss. The proposal does not apply to switches between different series of the same class fund.

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