

# HOME BUYERS PLAN

The national Home Buyers' Plan encourages first-time home buyers to save for a down payment.

In January 2009, the maximum withdrawal allowed under the Home Buyers' Plan was increased from \$20,000 to \$25,000. This budget initiative marked the first time the Home Buyer's Plan had been adjusted since it was created in 1992. The increase in the individual withdrawal maximum was one of the several housing initiatives the federal government announced in the budget as part of an overall national economy stimulus package.

## **BACKGROUND**

An estimated 2 million plan users have borrowed more than \$15 billion of their own savings from RRSPs to purchase a home since the Home Buyers' Plan was introduced. Home ownership is the cornerstone of retirement for the majority of Canadian. Before the Plan was introduced, many young people had to choose between saving for retirement or saving to purchase a home. The Plan actually results in Canadians saving for retirement earlier because of their interest in purchasing a first home. The requirement to repay the RRSP over 15 years to avoid taxation is a powerful incentive for repayment. The integrity of the RRSP program is protected.

Annual repayment of RRSPs over 15 years are a fundamental feature of the Plan.