ATB WEALTH™

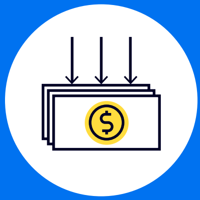
FIRST HOME SAVINGS ACCOUNT

2025 Reference Guide

According to a November 2022 report from the charitable organization Generation Squeeze, it takes 17 years of full-time work for the typical young person to save a 20% down payment on an average priced home in Canada. This is 12 years more than when today's aging population started out as young people.[1] This is why the First Home Savings Account (FHSA) has been introduced to help Canadians buy their first home sooner.

The FHSA is a registered plan available to Canadian residents aged 18 or older that allows first-time home buyers a tax-advantaged option to save for the purchase of a home.
The FHSA gives prospective first-time home buyers the opportunity to contribute up to $40,000 on a tax-free basis towards the purchase of their first home.

Available to Canadian residents aged 18 or older



Allows contributions of up to $40,000 on a tax-free basis

[1]Celebrating Stalling Prices for Canadian Homes,Generation Squeeze, November 2022

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TAX ADVANTAGES OF AN FHSA

Similar to a Registered Retirement Savings Plan (RRSP), contributions to an FHSA will be tax deductible, and, similar to a Tax-Free Savings Account (TFSA), assuming all conditions are met, withdrawals to purchase a first home would be non-taxable (including withdrawals of any investment earnings or growth in the account).

In addition, if not used towards the purchase of a first home, the value of your FHSA can be transferred into your RRSP or Registered Retirement Income Fund (RRIF) on a tax-deferred basis.

OPENING, HOLDING & CLOSING AN FHSA

You must be a resident of Canada and at least 18 years of age to open an FHSA. In addition, you must also be considered a first-time home buyer[2].

WHO QUALIFIES AS A FIRST-TIME HOME BUYER?

To open an FHSA, an individual is considered to be a first-time home buyer if at any time in the part of the calendar year before the account is opened, or at any time in the previous four calendar years, they did not live in a home as their principal residence that either:

- The individual owned or jointly owned.
- Their current spouse or common-law partner owned (if they have a spouse or common-law partner at the time the account is opened).

Once you make a qualifying withdrawal to buy a home, an FHSA can remain open until the end of the following year; otherwise, an FHSA can remain open until the end of the year of the 15th anniversary of first opening an FHSA, or until the end of the year when you turn 71, whichever comes first.

Any funds remaining in the FHSA that were not used to buy a qualifying home before closing the FHSA could be transferred on a tax-deferred basis into an RRSP or RRIF, or could be taken as a fully taxable withdrawal.

[2]The definition of "first-time home buyer for the purposes of opening an FHSA is different than a "first-time home buyer" for the purpose of making qualifying withdrawals. It is the accountholder's responsibility to understand eligibility and any tax implications that may occur if rules are not met.

CONTRIBUTIONS

FHSAs have a lifetime contribution limit of $40,000. Beginning in the year you open an FHSA, $8,000 is added to your FHSA participation room. If you contribute less than the FHSA participation room for a year, the unused portion is your FHSA carryforward, which is added to your FHSA participation room for the following year. The maximum amount of unused FHSA participation room that can be carried forward to a subsequent year is $8,000 (it is not cumulative). The $8,000 limit is not indexed to inflation.

EXAMPLE ONE

Emery opened an FHSA in October 2023. They did not contribute to their FHSA or transfer from their RRSPs to their FHSA until 2029.

Even though Emery did not use any of their FHSA participation room from 2023 to 2028, their FHSA carryforward for 2029 is only $8,000. This is because the maximum amount of unused FHSA participation room that can be carried forward to a subsequent year is $8,000. Emery is allowed to contribute or transfer up to a maximum of $16,000 in 2029, calculated as follows:

$8,000 (current year)	+	**$8,000** (maximum FHSA carryforward)	=	**$16,000**

EXAMPLE TWO

Kristen opened an FHSA in 2025. Her FHSA participation limit will be $8,000 for 2025. She contributed $3,000 in 2025, her FHSA carryforward will be $5,000 ($8,000 minus $3,000). Kristen's FHSA participation room will be $13,000 in 2026, calculated as follows:

$8,000 (current year 2026)	+	**$5,000** (FHSA carry forward from 2025)	=	**$13,000**

You can have more than one FHSA, but your FHSA participation room applies for all FHSAs in total.

Unlike an RRSP, the FHSA holder is the only taxpayer permitted to claim deductions for contributions made to their FHSA. In other words, you can't contribute to your spouse's or common-law partner's FHSA and claim a deduction. That being said, you are permitted to give your spouse or common-law partner the funds to make their own FHSA contribution without the normal spousal attribution rules applying.

IN-KIND CONTRIBUTIONS

In addition to cash contributions, you can also make “in-kind” contributions to your FHSA with the transfer of securities you hold in a non-registered account or TFSA to your FHSA.

With an in-kind transfer from a non-registered account you will be considered to have disposed of this property at its fair market value (FMV) at the time of the contribution. If the FMV is more than the cost of the property (i.e. if the value of your securities has increased), you would have to report the capital gain on your tax return, and pay tax accordingly. If the cost of the property is less than its FMV, you would not be able to claim the loss. From CRA’s perspective, you haven’t really lost anything as you are still holding the same investment. As such, in-kind transfers of investments in a loss position are generally discouraged.

With an in-kind transfer from a TFSA the transaction will be processed and reported as a TFSA withdrawal which will be added back to your TFSA contribution room in the following calendar year.

DEDUCTIONS

Similar to an RRSP, every dollar you contribute to your FHSA, up to your available FHSA participation room, can be deducted from your taxable income. Your taxes payable are reduced as a result.

You can claim a deduction for the current tax year or a later tax year. Using the deduction in a future year may make sense if you expect to be in a higher tax bracket in the future. Unlike RRSPs, the contributions you make within the first 60 days of the year cannot be used to reduce the previous year’s income, they can only be deducted from your current or future year’s income. Your unused FHSA contributions can be carried forward beyond the closure of your FHSAs.

If you make contributions to your FHSAs after you make your first qualifying withdrawal, those contributions cannot be deducted on your income tax and benefit return for any year.

EXAMPLE

Lucien opened his first FHSA in 2023 and contributed $8,000 in each of 2023, 2024 and 2025. Lucien claimed an $8,000 FHSA deduction on his income tax and benefit return for 2023, 2024, and 2025. Lucien made a qualifying withdrawal from his FHSA in July 2026. In December 2026, Lucien contributed $8,000 to his FHSA. Since Lucien made his first qualifying withdrawal in July 2026, he cannot claim his $8,000 contribution from December 2026 as an FHSA deduction for 2026 or for any subsequent year.

WITHDRAWALS

Qualifying withdrawals

To be able to withdraw funds from an FHSA on a non-taxable basis, there are conditions that must be met.

- You must be a first-time home buyer at the time of withdrawal.[3]
- You cannot have acquired the home more than 30 days prior to the withdrawal.
- You must have a written agreement to buy or build a home that you will acquire before October 1 of the year following the year of withdrawal.
- You must intend to occupy that home as your principal place of residence, and it must be in Canada.

If you meet these conditions, the entire balance in the FHSA can be withdrawn on a tax-free basis in a single withdrawal or a series of withdrawals. The withdrawal is requested with **CRA Form RC725 Request to make a qualifying withdrawal from your FHSA**.

You are responsible for making sure that all of the conditions to make a qualifying withdrawal are met. If you try to make a qualifying withdrawal from your FHSAs, and one or more of the conditions are not met at the time of the withdrawal, your withdrawal will be treated as a taxable withdrawal that must be included as income on your income tax and benefit return for the year received.

Once you make a qualifying withdrawal, any future contributions cannot be deducted on your income tax and benefit return for any year.

All FHSAs must be closed by the end of the year following the first qualifying withdrawal and you would not be permitted to have another FHSA in your lifetime.

Taxable withdrawals

An amount withdrawn from your FHSA that is not a qualifying withdrawal, or a designated amount,[4] must be included as income on your income tax and benefit return for the year the withdrawal is received. This amount will be subject to withholding tax that will be forwarded to CRA on your behalf. The amount of withholding tax applied depends on the amount of the withdrawal:

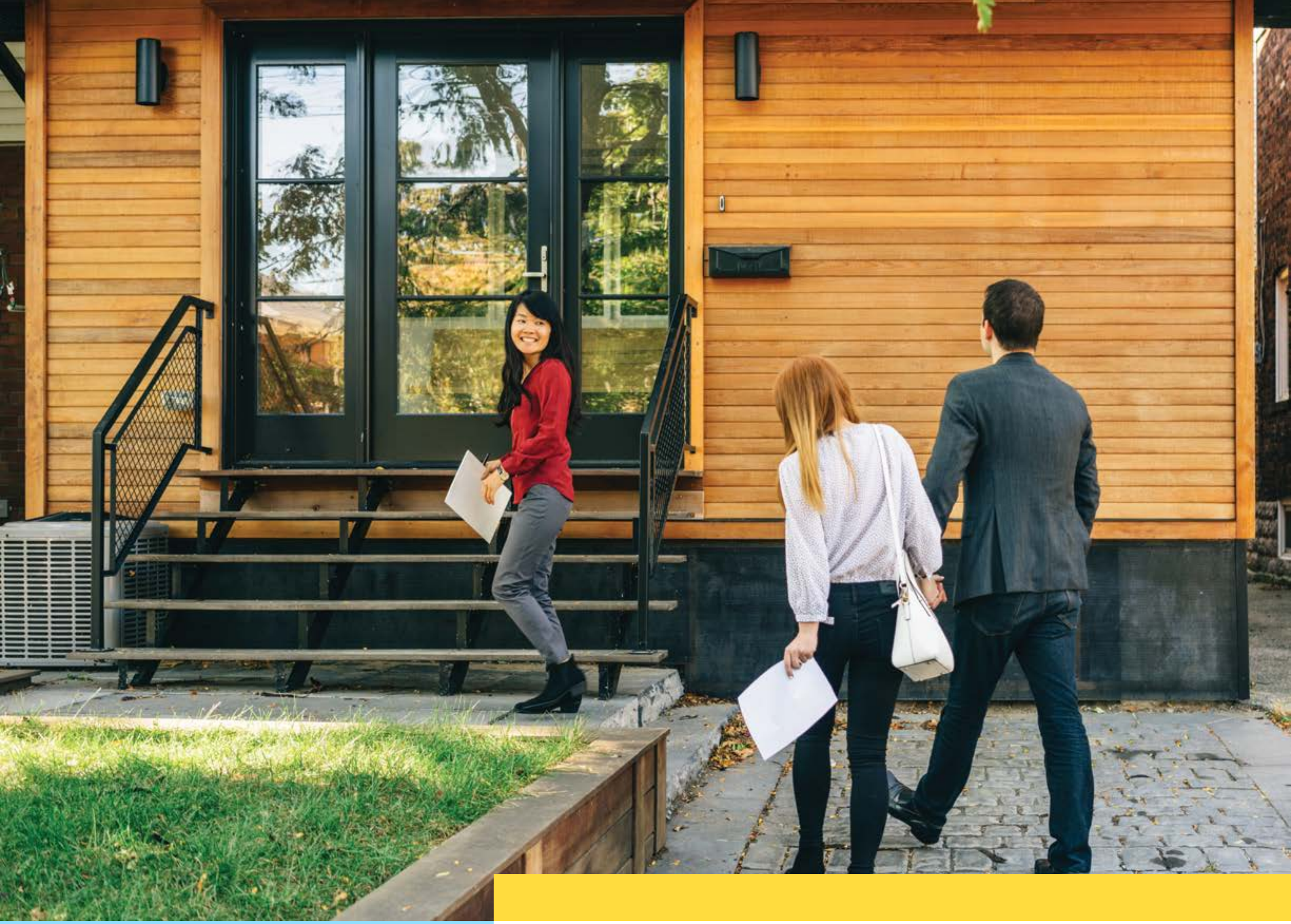
10% **for amounts up to and including $5,000**

20% **for amounts more than $5,000 and up to $15,000**

30% **for amounts more than $15,000**

[3]An individual is considered to be a first-time home buyer if at any time in the part of the calendar year before the withdrawal (except the 30 days immediately before the withdrawal), or at any time in the previous four calendar years, they did not live in a home as their principal residence that the individual owned or jointly owned. It is the accountholder's responsibility to understand eligibility and any tax implications that may occur if rules are not met.

[4]The amount of your excess FHSA amount that is either withdrawn from your FHSAs (designated withdrawal) or transferred from your FHSAs to your RRSPs or RRIFs (designated transfer) using CRA Form RC727 Designate an Excess FHSA Amount as a Withdrawal from your FHSA or as a Transfer to your RRSP or RRIF.



TRANSFERS

You are able to transfer funds on a tax-deferred basis from one FHSA to another, and from your FHSA to an RRSP or RRIF. If funds are transferred to an RRSP or RRIF, they will be taxed upon ultimate withdrawal. These transfers won't affect your FHSA participation room or your RRSP contribution room, potentially increasing your ability to contribute up to $40,000 to your RRSP without requiring any additional RRSP room. **CRA Form RC721 Transfer from your FHSA to your FHSA, RRSP, or RRIF** is to be used for this type of transfer.

You will also be permitted to transfer funds from an RRSP to an FHSA on a tax-free basis, up to your FHSA participation room. These transfers will not be tax deductible and do not reinstate your RRSP contribution room. To complete a direct transfer from your RRSP complete **CRA Form RC720, Transfer from your RRSP to your FHSA** and provide to your financial institution.

TRANSFERS FROM A SPOUSAL OR COMMON-LAW PARTNER RRSP

Property can be transferred from your spousal or common-law partner RRSP to your FHSA as long as your spouse or common-law partner has not contributed any amounts to any spousal or common-law partner RRSP in the same year as the transfer or in the two previous calendar years. If no contributions were made by your spouse or common-law partner during that period, the normal transfer rules apply (the transfer is not deductible and does not restore your or your spouse's or common-law partner's unused RRSP deduction room).

EXAMPLE

Transfer from a spousal RRSP (no tax consequences)

In June 2022, Quinn contributed $10,000 to Mandy's spousal RRSP as a spousal RRSP contribution. That was the most recent spousal RRSP contribution Quinn has made and he will not be making one in the current year.

In August 2025, Mandy opened an FHSA which generated $8,000 in FHSA participation room for the year. She wanted to maximize her FHSA but only has $2,000 available for a contribution. She contributes $2,000 and transfers $6,000 from her spousal RRSP using **CRA Form RC720 Transfer from your RRSP to your FHSA**. Since the spousal RRSP contributions were made in 2022, Mandy can transfer the amount from her spousal RRSP into her FHSA with no immediate tax consequences. She will receive a contribution receipt for the $2,000 she contributed, but not for the $6,000 she transferred.

EXAMPLE

Transfer from a spousal RRSP (unintended tax consequences)

In March 2024, Kristy contributed $6,000 to Carter's spousal RRSP. This is the most recent spousal contribution.

Carter opened an FHSA in October 2025 which generated $8,000 of FHSA participation room for the year. He wants to maximize his FHSA in 2025 and would like to contribute $2,000 and directly transfer $6,000 from his spousal RRSP to his FHSA. Carter would be able to make the $2,000 contribution, however, in order to avoid unintended tax consequences, he has to wait until at least January 1, 2027, to make a transfer from his spousal RRSP (assuming Kristy didn't make any further spousal RRSP contributions in the remainder of 2024, 2025 or 2026).

TRANSFER ON BREAKDOWN OF MARRIAGE OR COMMON-LAW RELATIONSHIP

On the breakdown of a marriage or common-law partnership, an amount may be transferred directly, on a tax-deferred basis from the FHSA of one spouse to the other's FHSA, RRSP or RRIF. These transfers would not reinstate any contribution room of the transferor, and would not be counted against any contribution room of the transferee. **CRA Form RC723 Transfer from an FHSA to another FHSA, RRSP or RRIF on Breakdown of Marriage or Common-law partnership** is to be provided to your financial institution to initiate this type of transfer.

EXCESS FHSA AMOUNTS

You will have an excess FHSA amount if the total of your contributions to your FHSAs and transfers from your RRSPs to your FHSAs in a year are more than your FHSA participation room for that year. Similar to RRSPs and TFSAs, there is penalty tax for any excess. The amount of penalty tax is 1% per month for each month that the excess remains in the account.

If you have an excess FHSA amount, you must complete both an RC728 FHSA Return and Schedule A - Excess FHSA Amounts and submit to CRA by June 30 of the year following the calendar year in which the tax arose.

An excess FHSA amount can be reduced or eliminated by any of the following:

- Making a withdrawal of a designated amount from your FHSAs (designated withdrawal)
- Making a direct transfer of a designated amount from your FHSAs to your RRSPs or RRIFs (designated transfer)
- Making a taxable withdrawal from your FHSA
- Any amounts deemed to be included in income if the account loses its status as an FHSA

It is important to note that a designated amount is limited to the excess FHSA amount at the time of the designation. As a result, you are not able to designate an amount if you do not have an excess FHSA amount.

Designated withdrawal

The amount of the withdrawal is not required to be included as income on your income tax and benefit return of that year. If you only made contributions to your FHSAs up to the date of designation, you can only make a designated withdrawal to reduce or eliminate your excess FHSA amount. You cannot make a designated transfer.

Designated transfer

The amount of the transfer is not required to be included as income on your income tax and benefit return of that year. A designated transfer will not impact your unused RRSP deduction room. If you only made transfers from your RRSPs to your FHSAs, you can only make a designated transfer to reduce or eliminate your excess FHSA amount. You cannot make a designated withdrawal.

Taxable withdrawal

The amount withdrawn must be included as income on your income tax and benefit return for the year received.

If you made both transfers from your RRSPs to your FHSAs and contributions to your FHSAs, you can make a designated withdrawal or designated transfer to reduce or eliminate your excess FHSA amount, with certain restrictions. The amount of your designated withdrawal cannot exceed the total amount of contributions to your FHSAs minus the total amount of any previously designated withdrawals. The amount of your designated transfer cannot exceed the total amount of transfers to your FHSAs minus the total amount of any previously designated transfers. Depending on your situation, you may be required to make both a designated withdrawal and a designated transfer to eliminate your excess FHSA amount.

EXAMPLES

Making a designated withdrawal

Tania opened her first FHSA in January 2025 and has $8,000 of FHSA participation room for 2025. Tania contributes $8,000 to her FHSA on that same day. In October 2025, forgetting about the contribution that she made in August, she contributed another $7,000 to her FHSA. On November 1, 2025, she finds out that she has an excess FHSA amount of $7,000 and must pay a 1% tax on the $7,000 for each month that the excess FHSA amount remains in her FHSA.

On November 2, 2025, Tania immediately goes to her financial institution to find out how to eliminate her excess FHSA amount of $7,000 so that she can avoid paying the 1% tax for December 2025. She asks her financial institution if she can make a designated transfer of $7,000 to her RRSP. She is advised that since she only made contributions to her FHSA, she is not permitted to make a designated transfer and she must make a withdrawal from her FHSA. Tania is worried that the withdrawal from her FHSA will be taxable and that it must be included as income on her income tax and benefit return for the year received.

The financial institution explains that making a designated withdrawal is tax free. The designated withdrawal will not be included as income on her income tax and benefit return for the year received. Tania is relieved to hear this and fills out CRA Form RC727 Designate an Excess FHSA Amount as a Withdrawal from your FHSA or as a Transfer to your RRSP or RRIF to complete the designated withdrawal to remove her excess FHSA amount.

Tania is aware that she will have to pay a 1% tax on the highest excess FHSA amount for both October and November 2025. She must also file a return to report and pay the tax on her excess FHSA amount.

Making a designated transfer

In September 2025, Rabiah went to her financial institution and opened her first FHSA. Rabiah has $8,000 in FHSA participation room for 2025. Rabiah transfers $8,000 from her RRSP with Bank A to her FHSA in September 2025, and transfers another $5,000 from her RRSP with Bank B to her FHSA in October 2025. On November 18, 2025, Rabiah realizes that she made a mistake and transferred too much to her FHSA. On the same day, she goes to her financial institution to tell her financial advisor that she needs to remove her excess FHSA amount of $5,000.

Since Rabiah only made transfers to her FHSA, if she wants to remove the excess FHSA amount without having to include the amount as income on her income tax and benefit return, she needs to make a designated transfer from her FHSA. Rabiah asks whether she is required to transfer $5,000 back to her RRSP with Bank B. The financial institution informs her that she can make the designated transfer to any of her RRSPs. Rabiah chooses to transfer $5,000 as a designated transfer from her FHSA to her RRSP with Bank A. She fills out CRA Form RC727 Designate an Excess FHSA Amount as a Withdrawal from your FHSA or as a Transfer to your RRSP or RRIF and her financial institution completes the direct transfer from her FHSA to her RRSP with Bank A.

Rabiah is aware that she will have to pay a 1% tax on the highest excess FHSA amount for October and November 2025. She must also file a return to report and pay the tax on her excess FHSA amount.

Excess FHSA amount due to contributions and transfers

In October 2025, Terrell went to his financial institution and opened his first FHSA. Terrell has $8,000 in FHSA participation room for 2025. Terrell immediately transfers $12,000 from his RRSP to his FHSA as well as contributing $2,000 to his FHSA. On November 25, 2025, Terrell realizes that he made a mistake and now has an excess FHSA amount of $6,000. He goes to his financial institution to tell his financial advisor that he needs to remove his excess FHSA amount of $6,000. Terrell lets his advisor know that he wants to minimize any income inclusions if possible.

Terrell's advisor tells him that he can make a designated withdrawal of up to $2,000, as the designated withdrawal is limited to the total amount of contributions to Terrell's FHSA. The remainder of the excess FHSA amount can be eliminated with a designated transfer to his RRSP.

Terrell decides to transfer $6,000 as a designated transfer from his FHSA to his RRSP. He fills out CRA Form RC727 Designate an Excess FHSA Amount as a Withdrawal from your FHSA or as a Transfer to your RRSP or RRIF and his financial institution completes the direct transfer from his FHSA to his RRSP.

Terrell is aware that he will have to pay a 1% tax on the highest excess FHSA amount for each of the months of October and November 2025. He must also file a return to report and pay the tax on his excess FHSA amount.

QUALIFIED INVESTMENTS

There are a variety of investment options to consider once a contribution has been made to your FHSA. Broadly speaking, you can hold many of the same investments in your FHSA that you can hold in your RRSP or TFSA. Qualifying investments include:

Cash

Mutual funds

Guaranteed investment certificates (GICs)

Bonds

Certain shares of small business corporations

Securities listed on a designated stock exchange in Canada or internationally:

- Exchange-traded funds (ETFs)
- Stocks

The rules for investments that are not publicly traded are complex. If you're considering such an investment, consult your tax advisor.

Although foreign securities listed on a designated exchange are qualifying investments for an FHSA, dividends paid on those shares may be subject to foreign withholding tax, with no tax treaty relief available. As a result, foreign securities in your FHSA may not be completely tax free.

Ultimately, the type of investment you choose to hold in your FHSA should reflect your specific situation, risk tolerance and time horizon. Your ATB Wealth advisor will be able to ensure your FHSA investment choices are in line with your personal objectives.

FHSA AND THE HOME BUYERS' PLAN

The Home Buyers' Plan (HBP) is a government program that allows an RRSP annuitant who is a first-time home buyer to withdraw a maximum of $60,000 from their RRSP on a tax-free basis when purchasing or building a home. The annuitant of the RRSP must intend to live in the qualifying home within a year of the withdrawal. The funds must be repaid to the RRSP, and if not repaid during the prescribed time frame, the amount will be included in your income and subject to tax at your marginal tax rate.

A comparison of the FHSA and HBP is provided below:

	FHSA	RRSP & HBP
Annual Contribution Limit	$8,000, not indexed ($40,000 lifetime limit)	Available contribution room is dependent on a number of factors including unused RRSP deduction room from the prior year, previous years' earned income and pension adjustments. For further details, refer to our RRSP reference guide.
Carry forward	An individual would be allowed to carry forward the unused portion of their annual contribution limit up to a maximum of $8,000. Carry forward amounts do not start accumulating until after you open an FHSA.	Unused RRSP room carries forward, meaning the contribution limit is cumulative.
Tax treatment	FHSA contributions are tax deductible and can provide immediate tax savings. Qualifying withdrawals can be made on a tax-free basis.	RRSP contributions are tax deductible and can provide immediate tax savings. Qualifying withdrawals can be made on a tax-free basis. Such withdrawals will be taxed, however, if not repaid within the prescribed time frame.
Withdrawal limit	Full account balance, potentially $40,000 contributions plus growth	HBP limit $60,000
Repayment	No repayment required	Temporary repayment relief is available to defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between Jan 1, 2022 and Dec 31, 2025. As a result, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made. For example, if you made your first withdrawal in 2022, your first year of repayment will be 2027.

The FHSA and the HBP can be used in conjunction with one another. You can access funds in your FHSA and also participate in the HBP for the same home purchase.

EXAMPLE

Combining FHSA & HBP

Tricia is 27 and has been investing money in her RRSP for several years, for both the tax deduction as well as planned savings towards her retirement. She is currently living at home with her parents and has decided saving for a down payment for a home is also a priority. She opens an FHSA and contributes the $8,000 maximum amount for five years. She understands that she will also receive a tax deduction for those contributions.

Tricia is now 32 and has $45,000 in her FHSA ($40,000 contributions plus growth) and $70,000 in her RRSP. She finds a condo she would like to purchase and is able to make a total down payment of $105,000 ($45,000 from her FHSA and $60,000 HBP withdrawal). The $45,000 from the FHSA is able to be withdrawn tax free. The $60,000 withdrawn from the RRSP is also tax free as long as she repays this over a 15 year period starting in the second year following the withdrawal.[4] The annual HBP repayment amount is $4,000 ($60,000 / 15). Although it is paid into her RRSP, it is not a new contribution; it does not use up additional RRSP contribution room and will not generate a tax deduction. If that repayment is not made in a particular year, $4,000 will be included in her taxable income for that year.

[4]Temporary repayment relief is available to defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between January 1, 2022, and December 31, 2025. As a result, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made. For example, if you made your first withdrawal in 2022, your first year of repayment will be 2027.

DEATH OF AN FHSA HOLDER[5]

To ensure your FHSA assets are passed on according to your wishes, careful consideration should be given to naming a beneficiary. The possible tax consequences will vary depending on the type of beneficiary.

Generally, the deceased holder is not required to include any amounts in their income in respect of the fair market value (FMV) of the property held in their FHSAs at the time of their death, but under certain circumstances, there may be an inclusion in the income of the deceased holder's estate, successor holder or beneficiary. A beneficiary (other than a spouse or common-law partner) is not eligible for any tax-deferred transfers.

Where there are no designations made in the FHSA contract or in the deceased holder's will, the amounts from the FHSA will be paid to the estate.

Spouse or common-law partner as survivor

If you have a spouse or common-law partner immediately before your death, they are considered to be your "survivor" and you can designate your survivor as a successor holder in your FHSA contract or in your will. The FHSA continues and will maintain its tax-exempt status after death.

Inheriting an FHSA in this way won't affect the survivor's own FHSA contribution limits. Funds from your FHSA can also be transferred on a tax-deferred basis to your surviving spouse's or common-law partner's RRSP or RRIF by the end of the year following your death, even if you have not designated that person as a successor holder.

[5]If, in the year of death, the deceased holder has an excess FHSA amount , a tax of 1% per month applies to the deceased holder on the highest excess FHSA amount for each month in which the excess stays in the FHSA, up to and including the month of death. The legal representative must file a return to report the excess FHSA amount and pay the applicable taxes. For more information please refer to CRA's Death and FHSAs.

Please refer to the chart below for the distribution rules for survivors.

Beneficiary type	General rules
Survivor designated as successor holder and is a qualifying individual[5]	If you are a survivor who was designated as the successor holder of the FHSA and you are a qualifying individual at the time of the holder's death, you will become the new holder of the FHSA immediately after the death of the holder. As the successor holder of the FHSA, you will be subject to the normal FHSA rules. You will be considered to have entered into a new qualifying arrangement in respect of the FHSA unless the full balance of the FHSA is either transferred to your RRSPs or RRIFs, or received by you as a taxable distribution by December 31 of the year after the year of death. If you are considered to have entered into a new qualifying arrangement in respect of this FHSA, you will be considered to have opened the FHSA on the date you became the successor holder.
Survivor designated as successor holder and is not a qualifying individual[6]	If you are a survivor who was designated as the successor holder of the FHSA but you are not a qualifying individual at the time of the FHSA holder's death, you cannot become the new holder of the FHSA. By December 31 of the year after the year of death, you will be required to either withdraw or transfer all of the property of the FHSA as follows: • a direct transfer on a tax-deferred basis to your RRSPs or RRIFs, or • a taxable distribution
Survivor designated as a beneficiary (not a successor holder)	If you are a survivor who has been designated as a beneficiary (not the successor holder) in the deceased holder's FHSA contract or in the deceased holder's will, you cannot become the new holder of the FHSA. Until December 31 of the year after the year of death, you can do the following with the portion of the property of the FHSA that you are entitled to: • make a direct transfer on a tax-deferred basis to your FHSAs, RRSPs or RRIFs • receive a taxable distribution Generally, if you make a direct transfer to your FHSAs, RRSPs or RRIFs, there will be no immediate tax consequences. Any amount you receive as a taxable distribution from the FHSA will have to be included as income on your income tax and benefit return for the year received. These amounts will be subject to income tax withholding and can be claimed on your income tax and benefit return as a credit towards any tax owing for the year received. If there is property remaining in the deceased's FHSA on December 31 of the year after the year of death, you must include the FMV of any property in the FHSA as income on your income tax. and benefit return for that year. You will not be permitted to make a tax-deferred transfer after December 31 of the year after the year of death.
Survivors when there are no designated beneficiaries	Where there are no designated beneficiaries in the deceased holder's FHSA contract or in the deceased holder's will, the amounts from the FHSA will be distributed to the deceased holder's estate and treated as income of the estate. However, if you have a beneficial interest in the deceased holder's estate, you and the legal representative of the deceased holder's estate may choose to do the following: • Where amounts were transferred from the deceased holder's estate to your FHSAs, RRSPs, or RRIFs: You and the legal representative can jointly designate that the transfer is deemed to be made from the FHSA (not the estate) such that the transfer will be tax-deferred with no immediate tax consequences if the normal transfer conditions are met. • Where amounts were paid from the estate directly to you: You and the legal representative can jointly designate that the payment is deemed to be made from the FHSA (not the estate) such that the payment will be a taxable distribution to you (not the estate). This deemed payment must be included as income on your income tax and benefit return for the year received. To complete the joint designation, you and the legal representative must fill out a prescribed form.

Source: **Government of Canada, FHSA, Death and FHSA, Survivors**

[6] A qualifying individual is someone who is a resident of Canada, at least 18 years of age and a first-time home buyer.

EXAMPLES

Survivor who decides to keep the FHSA

Whitney was designated as the successor holder of her husband Saul's FHSA when he opened it on June 1, 2023. Saul passed away unexpectedly on November 13, 2025. (Saul did not have an excess FHSA amount at the time of his death).

Since Whitney was considered a qualifying individual when Saul died, she decided to keep Saul's FHSA and keep saving toward the purchase of a first home. As Whitney did not have an FHSA of her own at the time of Saul's death, the start of her maximum participation period is November 13, 2025.

Survivor who decides to not keep the FHSA

Audra passed away on September 17, 2025. At that time, she was the holder of an FHSA and her common-law partner, Isaiah, was designated as the successor holder. (At the time of her death Audra did not have an excess FHSA amount).

Although Isaiah was considered to be a qualifying individual at the time of Audra's death, he decided that he did not want to keep the FHSA. Instead, he wanted to make a taxable withdrawal of all the proceeds and close the FHSA.

At the end of October 2025, Isaiah made a withdrawal of all the property of the FHSA. Withholding tax was applied and Isaiah will have to include the amount withdrawn as income on his 2025 income tax and benefit return and can claim the tax withheld.

Survivor who is not a qualifying individual

Jeremy opened an FHSA in May 2023 and designated his spouse, Dustin, as the successor holder. Jeremy passed away in September 2025. (Jeremy did not have an excess FHSA amount on the date of his death.)

Since Dustin became a non-resident of Canada in February 2025, he cannot become the holder of the FHSA as he is not considered to be a qualifying individual. As a result, Dustin must transfer or make a taxable withdrawal of all the property in the FHSA by the end of the day on December 31, 2026.

Dustin did not need the proceeds at that time and wanted to defer tax, so he completed the transfer form to request a direct transfer of all the property from the FHSA to his RRSP. Since the direct transfer of all of the property of Jeremy's FHSA to Dustin's RRSP was completed in November 2025, there are no immediate tax consequences for Dustin.

Beneficiary is someone other than spouse or common-law partner

The holder of an FHSA can designate any person or qualified donee (for example, a registered charity) as a beneficiary of their FHSA.

If you are a beneficiary (other than a survivor) of a deceased holder's FHSA, any amounts you receive from the FHSA must be reported as taxable income on your income tax and benefit return for the year received. These amounts will be subject to withholding tax that will be forwarded to CRA on your behalf. The amount of withholding tax applied depends on the amount received.

10% **for amounts up to and including $5,000**

20% **for amounts more than $5,000 and up to $15,000**

30% **for amounts more than $15,000**

EXAMPLE

Beneficiary someone other than spouse or common-law partner

Emmett opened an FHSA in July 2023 and named his adult son, Ryan, the sole beneficiary of his FHSA. He made an $8,000 contribution in 2023 and a $4,000 contribution in 2024. Emmett died on September 22, 2025. (At the time of his death, he did not have an excess FHSA amount.) The FMV of his FHSA was $13,000.

On November 15, 2025, at the time of the distribution to Ryan the FMV of the FHSA was $13,050. Income tax of $2,610 (20%) was withheld by the financial institution and the remaining $10,440 was distributed to Ryan. Ryan must report $13,050 as income and can claim the $2,610 tax withheld as a credit towards any tax owing on his 2025 income tax and benefit return.

Charitable organization as beneficiary

If you name a registered charity or other qualified donee under the Income Tax Act, as the beneficiary of your FHSA, a donation tax credit will be available. If the transfer of funds to the charity occurs within 36 months after the date of death and the estate qualifies as a graduated rate estate, the donation tax credit can be applied to either:

- The last two taxation years of the deceased.
- The taxation year of the estate in which the donation is made.
- An earlier taxation year of the estate.
- Any of the five taxation years of the estate following the year in which the donation is made.

CRA sets a limit on the amount of donations that can be utilized for the donation tax credit in a given year. In the year of death, donations up to 100% of net income can be utilized.

Closing FHSAs after death

After the death of the last FHSA holder, all FHSAs should be closed by December 31 of the end of the year after the year of death. The account will cease to be an FHSA and if there is property remaining in the FHSA at that time each beneficiary of the FHSA must include in their income for that year the proportion of the FMV of all the remaining property in the FHSA to which that beneficiary is entitled.

EXAMPLE

Wyatt was the holder of a trusteed FHSA and had designated his two children, Olivia and Emma, as equal beneficiaries of the FHSA. Wyatt passed away on September 8, 2025. (He had no excess FHSA amount at the time of his death.)

The property in the FHSA was not yet distributed to the beneficiaries by December 31, 2026 and was worth $26,500 on that date. Olivia and Emma must each report $13,250 (50% of $26,500) on their 2026 income tax and benefit returns, even though the property had not yet been distributed to them.

At the end of the day on December 31, 2026, Wyatt's account lost its status as an FHSA. On January 1, 2027, Wyatt's account becomes an inter-vivos trust and is subject to the tax rules applicable to such trusts and their beneficiaries.

FHSA CONSIDERATIONS FOR NON-RESIDENTS

If you are no longer a resident of Canada, you are still able to contribute to an existing FHSA, however, you would not be able to make a qualifying withdrawal. You must be a resident of Canada at the time of withdrawal and up to the time a qualifying home is bought or built. Non-residents would be subject to non-resident withholding tax at time of withdrawal.

FHSA CONSIDERATIONS FOR US PERSONS

FHSAs do not provide the same tax benefits under US tax rules as they do under the Canadian tax system. A US person investing in a FHSA would have to report the income and pay applicable taxes to the IRS. US persons should consult a qualified cross-border tax professional before investing in an FHSA.

ADDITIONAL FHSA CONSIDERATIONS

- Fees paid for the administration of your FHSA are not tax deductible.
- Interest on money borrowed to contribute to an FHSA is not tax deductible.
- The assets in your FHSA cannot be pledged as collateral for a loan.
- Even if not pledged as collateral, neither the Alberta Civil Enforcement Act or the Bankruptcy and Insolvency Act provide protection for assets in an FHSA; they can be garnished or seized with the appropriate court order or judgement. Creditor protection may be available to FHSAs that are held with an insurance company if the named beneficiary is a spouse, parent, child, or grandchild.