

SAVINGS AND
INVESTMENTS

From education savings to homeownership

From an RESP to an FHSA,
for his first home.



They say many hands make light work.
That's exactly what Nathan, 18, plans to do with the help
of his parents and grandparents. Together, they'll make
the most of his RESP to start building savings in an FHSA...
and investing in Nathan's future.

beneva

People
protecting
people

Working together as a family to make the most of an RESP

Saving for a child's education is often a project that can bring multiple generations together. Parents, grandparents, godparents: everyone can contribute in their own way to a child's future.

Now, along with the Registered Education Savings Plan (RESP), a new options has entered the picture: the FHSA. But is it too soon to start planning for a first home when they haven't graduated yet?

The FHSA is a natural next step after an RESP when it's part of a family savings strategy. If post-secondary education ends up costing less than expected, it may be the perfect time to put those unused funds to work by contributing to an FHSA.

Why consider an FHSA?

Instead of giving gifts only on special occasions, why not contribute to a goal that can support your child or grandchild for years to come?

- A contribution made today could help them reach their savings goal sooner.
- And there's another advantage: Your gifts toward their FHSA contributions are deductible from their taxable income.
- If your child or grandchild doesn't contribute the maximum amount this year, a portion of their contribution room can be carried forward to the following year.
- They can also choose from a range of savings and investment options, including guaranteed-interest accounts and investment accounts, based on their needs and goals.



When part of Nathan's RESP becomes a down payment

At 18, Nathan has just been accepted to college. Since the day he was born, his parents and grandparents have contributed to his RESP with one simple goal: to give him every opportunity to succeed.

The result? His RESP has grown to \$70,000. That's great news! Nathan has more than enough to cover his tuition and part of his living expenses by withdrawing only the Educational Assistance Payments (EAPs) from his RESP. That's when his parents realize that the RESP could help support another important milestone in his life.

Rather than leaving the unused funds untouched, they begin giving him money each year to contribute to an FHSA over a five-year period. Nathan deposits the gifted funds into his FHSA while staying within the annual contribution limit of \$8,000.

Five-year savings illustration

	Without an FHSA	With an FHSA
Nathan's annual employment income	\$15,000	\$15,000
Amount of withdrawn RESP educational assistance payment (taxable)	\$6,000	\$6,000
Your gift contributions (non-taxable)	\$8,000	\$8,000
FHSA contributions	None	\$8,000
Taxable income	\$21,000	\$13,000 After FHSA contribution
Income tax payable	\$500	\$0 Below the taxable income threshold
Tax savings	\$0	\$500 per year, \$2,500 after five years

Why is the FHSA the right choice for Nathan?

For Nathan, every contribution to his FHSA helps him build a future down payment while also reducing his taxable income. Even though his student income is still relatively modest, this deduction could become even more valuable as he progresses in the workforce and starts earning more. And if he'd rather save this tax advantage for years when his income is higher, that's an option too.

After five years of making the maximum annual contributions, Nathan has built a substantial nest egg for a future home purchase. When he's ready to buy his first property, he can withdraw the funds from his FHSA tax-free and without having to repay them.

For his parents, the rewards are twofold. The RESP has fully served its purpose by helping fund Nathan's education. Now, the FHSA is helping him move one step closer to another major milestone: becoming a homeowner one day.

Open your FHSA today! Every dollar you contribute helps build your down payment while reducing the amount of tax you pay.