

Tax Tip
Week of December 21, 2009

Delay withdrawals from Home Buyers' Plan

In this year's federal budget, the maximum withdrawal from the Home Buyers' Plan was increased from \$20,000 to \$25,000. The rules for this plan state:

- amounts withdrawn must be repaid over 15 years commencing in the second year following the year the withdrawal was made
- a qualifying home must be purchased before October 1 of the year following the withdrawal

Rather than withdraw funds in the fourth quarter of the calendar year, unless of course the purchase will close in the fourth quarter, consider withdrawing the monies in the next calendar year. This will defer by one the year the date by when the amount must be repaid and will also push the final purchase date forward for another year. For example, if the funds were withdrawn on December 27, 2009, the home must be purchased by October 1, 2010. However, if the funds are withdrawn on January 5, 2010, the new home does not have to be purchased until October 1, 2011 and it extends the start date of the repayments by an additional year.