Build your business

Fully funding a client's First Home Savings Account

As a trusted advisor, you have an opportunity to help clients secure their future by getting them to fully fund their First Home Savings Account (FHSA) in advance. $8,000 in a FHSA in the current calendar year and the remainder in other investments that can be easily transferred each year to their FHSA.

Why this approach?

- Better planning for clients, carving out their $40,000 FHSA maximum now will take future planning decisions off their mind and remove the stress of having to come up with the $8,000 each year.
- More productive use of your valuable time. Letting you focus on other important investment and planning aspects regarding the financial future of clients.
- Creates automatic touchpoints with clients, each year so you can continue to monitor the progress of their overall financial plan.
- Creates opportunities for you. Gain access to intergenerational wealth and expand your client base by connecting with the children and grandchildren of existing clients.

Explore this idea with clients.

FHSA and Laddered Guaranteed Interest Account (GIA)

- Kai and Naomi want to gift money to their daughter Veda to help her save for her first home.
- Kai and Naomi give Veda $40,000.
- You meet with Veda to invest $8,000 in a FHSA segregated fund account and invest the remainder in her Tax-Free Savings Account (TFSA) using a laddered GIA.
- Each year you meet with Veda to move the maturing $8,000 into her FHSA account and reinvest the interest she has earned.
- At the end of the five years, Veda has maxed out her FHSA contributions and, with the remaining interest earned in her TFSA, she has an additional bonus to buy those appliances she has had her eye on for her new house.

See it in action!

Step 1: Invest $8,000 in Pivotal Select™ Segregated Fund FHSA (today).

Step 2: Set up GIA ladder

Initial Investment	Today*	Year 1	Year 2	Year 3	Year 4
$8,000	Purchase 1-year GIA @ 4.95%	$8,000 transferred to FHSA. Remaining interest, $396.00, reinvested into Daily Interest Account (DIA) at 0.05%			
$8,000	Purchase 2-year GIA @ 5.20%		$8,000 transferred to FHSA. Remaining interest, $853.63 plus $396.20 from DIA, reinvested for 2 years at 5.20%		$1,383.19
$8,000	Purchase 3-year GIA @ 5.05%			$8,000 transferred to FHSA. Remaining interest, $1,274.23 reinvested for 1 year @ 4.95%	$1,337.30
$8,000	Purchase 4-year GIA @ 4.85%				$8,000 transferred to FHSA. Remaining interest of $1,668.60 + $1,383.19 + $1,337.30 paid out to Veda (combined interest amount of $4,389.09)

* Based on Equitable® rates as at October 5, 2023. Note: interest earned in the GIA is subject to tax.

At the end of the five years, Veda has contributed $40,000 to her FHSA and earned an additional $4,389.09 in interest.

Remember this concept works great when plans for home ownership are more than five years down the road. If a purchase of a home occurs prior to the maturity of the GIAs and a withdrawal is required, a market value adjustment will be incurred.

meet with a couple and get $80,000 invested**

the owner should be the same person**

Administrative notes

- The GIA application should indicate that the money is to go to the DIA upon maturity.
- A notice will be sent to the owner of the non-registered Guaranteed Deposit Account (GDA) regarding their maturing GDA 30 days before the maturity date.
- The form attached to the letter should be completed indicating the amount to be moved to FHSA contract (FHSA contract number will need to be referenced). Note: depending on the timing of a client's home purchase plans, consider using the No Load option on subsequent deposits in their FHSA to avoid potential commission reversals.
- Confirmation of what to do with the residual interest should also be confirmed.

About Equitable

At Equitable we believe in the power of working together. This guides how we work with each other. How we help our clients and partners. And how we support the communities where we live and work.

Together, with partners across Canada, we offer Individual Insurance, Group Insurance and Savings and Retirement solutions. To help our clients protect today and prepare tomorrow.

We believe the world is better when we work together to build an Equitable life for all.

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