Equitable™

Insurance | Investments | Group Benefits

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.

See it in action!

Step 1: Invest $8,000 in Guaranteed Investment Funds 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					$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.

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

the owner should be the same person**

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.

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 policy (FHSA policy 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.

This document is provided for information purposes only and does not constitute legal, tax, or other professional advice. Advisors must determine whether this concept/product is suitable for a specific client based on the client's circumstances and needs.

The information in this document is consistent with current tax legislation, which is subject to change without notice.

Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value. Segregated fund values change frequently, and past performance does not guarantee future results. Investors do not purchase an interest in underlying securities or funds, but rather, an individual variable insurance contract issued by The Equitable Life Insurance Company of Canada. There are risks involved with investing in segregated funds. Please read the Contract and Information Folder before investing for a description of risks relevant to each segregated fund and for a complete description of product features and guarantees. Copies of the Contract and Information Folder are available from your financial advisor or equitable.ca.

Withdrawals from Guaranteed Interest Accounts may be subject to market value adjustments and account minimum requirements. Terms may be limited depending upon age or contract registration type.

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About Equitable

At Equitable, we believe in the power of together. This is how we focus on our clients. It's how we support advisors and give back to our communities.

Partnered with advisors we offer insurance, investments and group benefit solutions to help our clients protect today and prepare tomorrow. We believe the world is better when we work together.

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