
Introducing the First Home Savings Account (FHSA)

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A photograph of several pumpkins resting on a bed of straw. One pumpkin is in sharp focus in the foreground, while others are blurred in the background. The scene is set against a warm, autumnal background.

Introducing the First Home Savings Account (FHSA)

My kids have reached the exciting age where they are starting to save for their first homes. It's really daunting when you see how much the price of homes has increased since 'my day'. Back in said day (1999), we bought our first home for \$140,000 - and that was terrifying. I think our parents were more scared for us than we were. Fast forward to 2024 when the average price of a home in Calgary is \$572,000, and you sometimes just wonder how the kids will manage!

Understanding the predicament, the Feds introduced the First Home Savings Account in 2023. Maybe I wasn't really paying attention, but it just didn't resonate with me that much at the time. Now that it's hitting closer to home, though, I've sat up and paid attention; and I think it's really worth knowing about!

The basics: the FHSA is a specialized savings account designed to help individuals save for their first home. It combines the benefits of a traditional savings account with tax advantages, making it easier and more efficient to accumulate the necessary funds for a down payment.

Key Features of the FHSA

Tax Benefits: One of the standout features of the FHSA is its tax treatment. Contributions made to the FHSA are tax-deductible, similar to those made to a Registered Retirement Savings Plan (RRSP). Additionally, the funds can grow tax-free within the account. When it's time to withdraw the money to purchase a home, the withdrawal is also tax-free, akin to a Tax-Free Savings Account (TFSA). It's really the best of both worlds and this cannot be overstated as the most significant advantage of the FHSA.

Annual Contribution Limits: The FHSA has a yearly contribution limit, allowing account holders to contribute up to \$8,000 each year. (What a great opportunity for grandparents to invest in their grandkids lives, as mine did – thanks Mom and Dad!)

FHSA's can be opened at any bank, and we are seeing them coming to the Group Savings space too. A recent iA Financial Group newsletter states:

“Good news! The group first home savings account (FHSA) will soon be part of our product line. In keeping with our mission of supporting our clients through every stage of their total wellbeing journey, our teams have been working over the last months to develop this savings solution. We are planning to gradually roll out the group FHSA beginning in fall 2024, with the goal of making it available to all groups by early 2025.”

Whether you're just starting to think about buying your first home or you're actively saving for a down payment, the FHSA is a tool worth considering. It's designed with the specific needs of first-time homebuyers in mind, providing a strategic and tax-efficient way to save.



Key Differences in Group Savings Plans from Banks and Insurance Companies

Offering your employees a group savings plan can enhance talent recruitment and retention. When exploring choices, remember that capital accumulation plans from banks and insurance companies differ. We will highlight important factors to help you choose the right provider for your company.

Firstly, your organization will need to determine the type of capital accumulation plan to offer your employees, the options are as follows:

1. Primary Capital Accumulation Plans are:

- Registered Pension Plan (RPP), Registered Retirement Savings Plan (RRSP), and Deferred Profit Sharing Plan (DPSP) are options for retirement or long-term and short-term goals.
- Details on employer and employee contributions, as well as tax treatments, vary among these plans.

2. Add-On Plans:

- Tax-Free Savings Account (TFSA) and Non-Registered Savings Plan (NRSP) cater to different goals with varying tax treatments and withdrawal rules.

Each of these plan types offer a various approach for short- and long-term goals, tax treatment and withdrawal allowability. Once your organization has determined the type of plan(s) to offer your employees, the next stage is determining what type of organization to work with: insurance company or a bank.

Details of Insurance Company Group Plans:

- Institutional pricing with lower fees. Members gain access to institutional pricing, which can result in lower investment fees. The investment cost is tailored to plan size. As a result, the cost of the investment the member pays is typically lower.
- The administrative costs—which cover recordkeeping the plan and managing the investments—are typically shared among all the plan members.
- Value-add services for employees and tailored investment menus.
- Individual financial planning and advice is available
- Administrative support for employers and compliance with CAP Guidelines.

Details of Bank Plans:

- Members pay retail pricing like any other individual investor.
- Corporate banking structure under one area ie: bank accounts, credit cards, mortgages, loans, lines of credit, insurance (home & auto), etc.
- Individual financial planning and advice is available

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Considerations for Choosing an Appropriate Provider:

Inquire to select the ideal group plan provider for your organization. With numerous providers available, obtaining responses to these inquiries from various providers can guide you towards the most suitable choice:

1. What are the investment fees and other fees being charged to plan members?
2. Do they offer investment options other than their own proprietary investment funds?
3. What's the enrollment and onboarding process for employees?
4. How do they help educate plan members?
5. How do members access financial advice?
6. Are the same features and services available to all plan members?
7. What information and reporting is available for the plan administrator and the plan members?

A thorough needs assessment to determine all options for your organization is a sound practice. At Hillcrest, we are always available to assist in analyzing and assessing your needs vs. the best fit without prejudice – our goal is to provide amazing services while ensuring the plan we recommend is the best solution for long term success – for your organization as well as your employees.

Source: @Manulife & Karee MacKay



Be sure to check out
our website at
hillcrest-financial.com



FALL 2024

9-8-8:

Canada's Suicide Crisis Helpline

September 10 marked World Suicide Prevention Day. In November 2023, the Government of Canada launched 9-8-8, Canada's new three-digit suicide crisis helpline. It's available 24/7, by call or text, in English and French. If someone is in crisis, 9-8-8 responders will be there to provide the right support.

When you reach out, a trained responder will listen without judgement, provide support and understanding, and can tell you about resources that will help.

9-8-8 provides moments of connection that create hope, support recovery and save lives. They help people connect to their strengths and find new ways to cope, live and thrive. Their vision is a Canada where suicide is prevented because everyone can access help when they need it the most.

How 9-8-8 works

9-8-8: Suicide Crisis Helpline follows a network model. When you call or text 9-8-8, you will reach a responder at one of nearly 40 local, provincial and territorial, and national crisis lines, who co-deliver the service.

9-8-8 Partners are the backbone of the service. They are located across Canada. They provide existing crisis services within their communities, as well as taking 9-8-8 calls and texts. They are there to make sure that you can connect to a responder within your local community. Other 9-8-8 partners include Hope for Wellness who offer specialized support for First Nations, Inuit and Métis, and Kids Help Phone, who specialize in supporting young people reaching out to 9-8-8.



Michael Kerr Upcoming Event

Upcoming
Event!

If you haven't already done so, please email us to register for our Luncheon at the Zoo on October 24th.

Do you want to be happier at work? And do you want to create a happier, more inspiring, and less soul-sucking workplace? Hall of Fame speaker Michael Kerr shares ideas from his latest book, "Small Moments, Big Outcomes" on what it takes to create a workplace that works for everyone. With his usual high-energy, humour-filled approach, Michael will remind you that it truly is the small moments that can help you be more resilient, communicate more effectively, build stronger relationships, and create a more purpose-driven, collaborative, and FUN workplace!

Hillcrest LUNCHEON AT THE ZOO

Small Moments, Big Outcomes:

How You Can Take the Lead to Create a Workplace Culture That Drives Extraordinary Results.

SPEAKER

Michael Kerr,
The Workplace Energizer!

LOCATION

**Enmax Conservatory,
Calgary Zoo**
(parking code will be provided)

DATE

**Thursday,
October 24, 2024**

TIME

11:30am – 1:30pm
Buffet lunch begins at 11:30 a.m.

RSVP

Send us an email to reserve your spot.
dave@hillcrest-financial.com

WaterSchool Update

Thank you to everyone who has contributed to my daughter Jenna and my 'Run for WaterSchool'. As of the writing of this article we are less than one-month away from the marathon in Niagara Falls on October 27th.

Our training has been going well, although following a 32 km run on the weekend, I've developed a shin splint that I'm nursing and hoping it will heal by the big day! As of now, we have run over 1,500 kms in training.

One of the highlights of the training for me has been running in different locations: Moose Jaw, Ottawa, rural Manitoba's gravel roads, Whistler, Cancun, Edmonton, Saskatoon, Cranbrook and more. Running is a great way to see the countryside.

Financially, we are currently at 59% of our goal of raising \$50,000 for WaterSchool. We are so grateful to everyone who has supported us and hope to reach 100% over the next few weeks. If you would like to donate, or just read more about our run, please go to our website at waterschool.com/run



Please Donate at
waterschool.com/run