FREE GUIDE FOR ONTARIO HOME BUYERS

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Ways to Save Money for a Down Payment

Practical, Ontario-specific strategies to get you from renting to owning faster.

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START HERE

Know Your Number First

Saving for a down payment can feel overwhelming when you look at Ontario prices. The good news is that Canada's minimum down payment rules are tiered, so you may need less than you think. Here is what is required before you start building your plan.

Home price	Minimum down payment	As a share of price
$500,000	$25,000	5.0%
$600,000	$35,000	5.8%
$750,000	$50,000	6.7%
$900,000	$65,000	7.2%
$1,000,000	$75,000	7.5%
$1,250,000	$100,000	8.0%
$1,500,000 or more	$300,000 on $1.5M (20% of price)	20.0%

How the rule works: 5% of the first $500,000, plus 10% of the portion from $500,000 up to $1.5 million. Homes priced at $1.5 million or more need at least 20% down. Any down payment under 20% requires mortgage default insurance, and in Ontario the provincial sales tax on that premium is paid in cash at closing.

DO NOT FORGET CLOSING COSTS Plan for roughly 1.5% to 4% of the purchase price in closing costs on top of your down payment: land transfer tax, legal fees, title insurance, adjustments and moving costs. For example, on an $800,000 home outside the City of Toronto, Ontario land transfer tax is $12,475 before any first-time buyer refund of up to $4,000. Only Toronto adds a municipal land transfer tax, so Mississauga, Brampton, Oakville and the rest of Peel and Halton do not.

GOOD TO KNOW You do not need 20% down to buy a home under $1.5 million. Many Ontario buyers get in sooner with a smaller down payment and build equity over time. The right number depends on your income, debts, and comfort level, so work it out with a mortgage professional.

YOUR TOOLKIT

The Ontario Savings Toolbox

Three registered accounts do most of the heavy lifting for Canadian first-time buyers. You can use all three together. Here is how they compare in 2026.

	FHSA	RRSP Home Buyers' Plan	TFSA
Limit	$8,000 a year, $40,000 lifetime	Up to $60,000 per person	$7,000 of new room in 2026, plus unused room
Tax deduction on contributions	Yes	Yes (RRSP contribution)	No
Tax on withdrawal for a first home	None	None, if repaid on schedule	None
Repayment required	No	Yes, over 15 years	No
First-time buyer only	Yes	Yes	No
Best used for	Core down payment savings	Existing RRSP money	Flexible, short-notice savings

STACKING EXAMPLE FOR A COUPLE Each partner can use an FHSA (up to $40,000 each), the Home Buyers' Plan (up to $60,000 each) and a TFSA. That is up to $80,000 of FHSA savings and up to $120,000 of HBP withdrawals for a couple, before TFSA room.

NO DOWNSIDE If you open an FHSA but end up not buying, you can transfer the balance to your RRSP without using up your RRSP contribution room. That makes opening one a low-risk decision.

CHECK YOUR ROOM Contribution limits, eligibility and program rules are set by the CRA and can change. Confirm your personal room in CRA My Account before contributing. Over-contributing to an FHSA or TFSA costs 1% per month on the excess.

1 Set Your Target Number

Saving without a number is just hoping. Pick a realistic price range, then use the tiered rule (5% of the first $500,000 plus 10% of the rest, up to $1.5 million) to find your minimum down payment. Add 1.5% to 4% for closing costs and a cushion for moving and early repairs. Divide the total by the number of months you have, and you have your monthly savings target.

> **DAN'S TIP** A 20% down payment avoids mortgage default insurance, but it is not required below $1.5 million. Compare the cost of waiting to save more against the cost of insurance and rising prices.

2 Open an FHSA This Year

The First Home Savings Account lets you contribute up to $8,000 a year, to a $40,000 lifetime limit. Contributions are tax deductible, growth is tax free, and qualifying withdrawals for a first home are tax free and never repaid. Room only starts building after the account is open, and up to $8,000 of unused room carries forward, so a contribution of up to $16,000 is possible in a single year.

> **DAN'S TIP** Even a small deposit opens the account and starts your clock. Banks, credit unions and online brokerages offer FHSAs, so compare rates and what you can hold inside (savings, GICs, investments).

3 Use the RRSP Home Buyers' Plan

If you already have RRSP savings, the Home Buyers' Plan lets you withdraw up to $60,000 tax free toward your first home, then repay yourself over 15 years. Contributions generally need to sit in the RRSP for at least 90 days before you withdraw them. Pairing the HBP with your FHSA is one of the strongest moves open to a first-time buyer.

> **DAN'S TIP** The CRA treats you as a first-time buyer if you have not lived in a home you or your spouse owned in the current year or the previous four calendar years.

4 Let Your TFSA Do the Flexible Work

Your TFSA is the best home for money you might need on short notice, or for savings beyond what fits in your FHSA and RRSP. New room for 2026 is $7,000, plus any unused room from earlier years. Withdrawals are tax free, and the amount you take out is added back to your room the following January.

> **DAN'S TIP** Check your exact room in CRA My Account. If you have been eligible since 2009 and never contributed, your cumulative room is $109,000 as of 2026.

5 Pay Yourself First, Automatically

Set up automatic transfers for the day your paycheque lands. Maxing an FHSA works out to about $667 a month, or about $308 per biweekly paycheque. When savings move before you can spend them, you stop depending on willpower and the balance grows on its own.

> **DAN'S TIP** Keep down payment money somewhere you will not casually tap it. For money you need within a couple of years, a savings account or GIC is safer than investments that can dip.

6 Track Every Dollar for 90 Days

Most people are surprised by what they find. Export three months of bank and credit card statements, label every charge, and hunt for leaks: unused subscriptions, delivery fees, impulse buys, forgotten annual renewals. The goal is not to cut everything. It is to find money you never actually chose to spend.

> **DAN'S TIP** Redirect each dollar you free up to your down payment account within the week. If it sits in your chequing account, it disappears.

7 Trim the Big Three: Housing, Transportation, Food

Small cuts rarely move the needle. Big categories do. Housing: consider a roommate, a stretch with family, or negotiating your rent. Transportation: car payments and insurance are often the second largest expense, so ask whether you need a second vehicle. Food: meal planning and fewer delivery orders can free up hundreds per month.

> **ONTARIO TIP** Ontario auto insurance premiums can vary widely by insurer and postal code. Get fresh quotes every year, and ask about bundling with home or tenant insurance.

8 Clear High-Interest Debt and Protect Your Credit

Many credit cards charge 20% or more, far above what any savings account earns. Paying that down first, or consolidating at a lower rate, usually beats saving while you carry a balance. Your credit score also affects your mortgage approval and rate, so pay on time, keep card balances well below their limits, and avoid new credit before you apply for a mortgage.

> **DAN'S TIP** Request your Equifax and TransUnion credit reports and fix any errors before a lender sees them. Errors can take weeks to correct.

9 Turn Your FHSA Refund Into More Savings

Because FHSA contributions are tax deductible, you get money back at tax time. At a marginal tax rate of around 30%, an $8,000 contribution returns about $2,400. Do not let that refund disappear into everyday spending. Put it straight back into your FHSA or TFSA and let it compound.

> **DAN'S TIP** FHSA deductions can be carried forward, so you can choose to claim them in a higher-income year if that works better. Ask your accountant which approach fits you.

10 Earn More, and Aim It at the Goal

A short, focused push often beats a slow grind. Ask about overtime or a raise, pick up weekend or freelance work, or sell a skill such as tutoring, photography or consulting for a defined period, say 12 months. Decide in advance that every extra dollar goes to the down payment.

> **DAN'S TIP** Side income is taxable. Set aside the tax portion first, ideally in a separate account, so there are no surprises in April.

11 Redirect Your Windfalls

Bonuses, tax refunds, GST/HST credits, Canada Child Benefit amounts you do not need, gifts and settlement payments are ideal for your down payment because you were not budgeting on them. A simple rule, such as at least half of every windfall goes to the house fund, adds up faster than you would expect.

> **DAN'S TIP** Decide your split before the money arrives. It is much harder to be disciplined once it is in your account.

12 Team Up With Your Partner or Co-Buyer

FHSA and HBP limits are per person, so buying together roughly doubles your registered savings power. Each partner should open their own FHSA, even if only one of you is earning right now. Agree on a shared monthly contribution, a shared goal date, and what happens if plans change.

> **DAN'S TIP** A higher earner can often help a partner fund their own account. Talk to an accountant about gifting and attribution rules before moving money between spouses.

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Accept a Family Gift the Right Way

Many Ontario buyers get help from parents or relatives. Lenders generally accept a gifted down payment when it is a true gift, not a loan, and is backed by a signed gift letter confirming no repayment is expected. Gifted funds usually need to land in your account well before closing so the source can be traced.

> **DAN'S TIP** Tell your mortgage professional early. If you are buying with a partner, ask a real estate lawyer how to protect a gift if circumstances change.

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Lower Your Cash to Close With Rebates

Rebates do not add to your down payment, but they cut the cash you need on closing day. Eligible first-time buyers can receive up to $4,000 back on Ontario land transfer tax (Toronto adds up to $4,475 on its municipal tax), and the federal Home Buyers' Tax Credit is worth up to $1,500. Buying new? The federal first-time buyer GST rebate can return up to $50,000 on homes up to $1 million, and Ontario has temporary expanded HST relief on qualifying new homes (agreements signed April 1, 2026 to March 31, 2027).

> **ONTARIO TIP** New-build rebate rules are recent and still evolving. Confirm eligibility with your builder and real estate lawyer before you count on the savings.

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Right-Size Your Purchase

Your target moves with the price. Condos, townhomes and semi-detached homes can lower the amount you need to save. Looking beyond the core, in places like Mississauga, Brampton, Milton, Hamilton or Oshawa, may get you more space for less. Above $500,000, every $100,000 off the price lowers your minimum down payment by $10,000 and trims land transfer tax by about $2,000.

> **ONTARIO TIP** A buyer's agent can show you a side-by-side of how neighbourhood, property type and price band change what you need to save. Ask for one before you set your target.

YOUR PLAN

Your Monthly Savings Roadmap

Find your target down payment in the left column, then read across to see what you need to set aside each month, depending on how long you have. Buying with a partner? Divide the monthly amount by two.

Target savings	18 months	24 months	36 months	48 months
$25,000	$1,389	$1,042	$694	$521
$35,000	$1,944	$1,458	$972	$729
$50,000	$2,778	$2,083	$1,389	$1,042
$75,000	$4,167	$3,125	$2,083	$1,562

Monthly amounts shown before investment growth, interest and tax refunds. They are simple division, not projections.

Ways to Speed Up the Timeline

REINVEST THE REFUND Contributing $8,000 to your FHSA at a marginal rate of about 30% returns roughly $2,400 at tax time. Reinvest it, and you shorten your timeline without changing your budget.

STACK YOUR ACCOUNTS Combining your FHSA with your RRSP Home Buyers' Plan can unlock up to $100,000 per person from registered accounts alone, if you have the room and the time to build it.

CHANGE THE PRICE POINT Every $100,000 you take off the purchase price lowers your minimum down payment by $10,000 (above $500,000) and your land transfer tax by about $2,000.

CATCH THE WINDFALLS Direct bonuses, refunds and credits to your down payment account the day they arrive, and decide your split in advance.

TAKE ACTION

Your 30-Day Quick-Start Checklist

- [ ] Write down your price range and calculate your minimum down payment and closing costs.
- [ ] Open an FHSA (each partner, if buying together), even with a small first deposit.
- [ ] Check your TFSA and RRSP room in CRA My Account.
- [ ] Set up automatic transfers timed to every paycheque.
- [ ] Export 90 days of statements and find your three biggest spending leaks.
- [ ] Request your Equifax and TransUnion credit reports and review them for errors.
- [ ] Decide how windfalls, bonuses and tax refunds will be split.
- [ ] Book a mortgage pre-approval conversation so your target number is based on real figures.

Ready for the Next Step?

Book a 1-on-1 consultation with me, on Zoom or in person, and we will build a savings plan around your real Ontario numbers and what you can afford. The best way to connect is to text or call me directly.

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