



Fred and Diana are navigating divorce proceedings.

As part of the settlement, Diana is asking for the proceeds from Fred's First Home Savings Account (FHSA).

The problem is, if Fred cashes in his FHSA, it becomes fully taxable to him.





To save himself from tax implications, Fred transfers his FHSA to Diana's FHSA. This way, the proceeds remain tax-sheltered and Fred doesn't incur a deemed disposition on the proceeds from his FHSA.

The downside for Fred is that he doesn't regain any new contribution room.

The upside for Diana is the transfer from Fred doesn't affect her contribution room.

