Registered Education Savings Plan (RESP)

What is an RESP?

an RESP is an investment in your child's education. With the help of an RESP you, as a parent, friend or family member, can start putting aside money for a child's post-secondary education. Your contributions can grow surprisingly quickly when you use this special investment account, as the Government of Canada offers the Canada Education Savings Grant (CESG) exclusively to RESP subscribers.

Upon enrolling in a qualifying educational program (a course of study that lasts at least three consecutive weeks, with a minimum of 10 hours of instruction or work per week) the child named in your plan will become eligible to receive payments from the RESP to help cover the costs of education after high school.

Benefits of an RESP

- An Investment: The RESP is an investment that generates returns, not a loan that requires repayment, and potentially the charging of interest, i.e. peace of mind for both parent and child.
- Less Tax: The RESP account can grow tax free for years, and then taxed in the hands of your lower income child attending college or university.
- Withdrawals: Contributions can be withdrawn tax free (at any time) since contributions are paid with after tax dollars.
- Contribution Limits: There is no maximum annual contribution limit, only the lifetime maximum (within 31 years) of $50,000.
- Government Grants: Contributions of up to $2500 annually are eligible for the Canadian Education Savings Grant (CESG). The CESG will give you an extra 20% on your contributions (up to $500 CESG annually). There is a lifetime maximum CESG of $7,200 per beneficiary/child. If your child does not use it for an education, the CESG must be repaid to the government. Families with income less than $36,378 per year are eligible for up to $100 in CESG annually (that's an extra 20% on the first $500 in contributions). If your family income is between $36,378 and $72,756, you are eligible for up to $600 CESG annually (extra 20% on the first $500 in contributions). If there is unused grant room from previous years, you are eligible for up to $1,000 in CESG for that year.
- Transferable: RESP income can be transferred to an RRSP account (max $50,000) if not utilized for an education.

HOW MUCH CAN YOU GET?

Canada Education Savings Grants and *Canada Learning Bond*

YOUR NET FAMILY INCOME*	$40,970* or less	$40,970 to $81,941*	$81,941 or more*
CESG and additional CESG			
Basic CESG	Up to $500 (20% on first $2500 contribution annually)	Up to $500 (20% on first $2500 contribution annually)	Up to $500 (20% on first $2500 contribution annually)
Additional CESG	Up to $100 (20% additional CESG on the first $500 contribution)	Up to $50 (10% additional CESG on the first $500 contribution)	Not Applicable
Maximum Annual CESG	$600	$550	$500
Maximum Lifetime CESG	$7,200	$7,200	$7,200
Canada Learning Bond (for families receiving the National Child Benefit Supplement)			
First year	$500 (children born on or after January 1, 2004)	Not Applicable	Not Applicable
Each subsequent year	$100 (until child reaches 15 years of age)	Not Applicable	Not Applicable
Maximum Lifetime CLB	$2,000	Not Applicable	Not Applicable
TOTAL CESG AND CLB AVAILABLE	**$9,200**	**$7,200**	**$7,200**

*2010 Data. Residents of Alberta may also be eligible for the Alberta Centennial Education Saving (ACES).
Residents of Quebec may also be eligible for the Quebec Education Savings Initiative (QESI).

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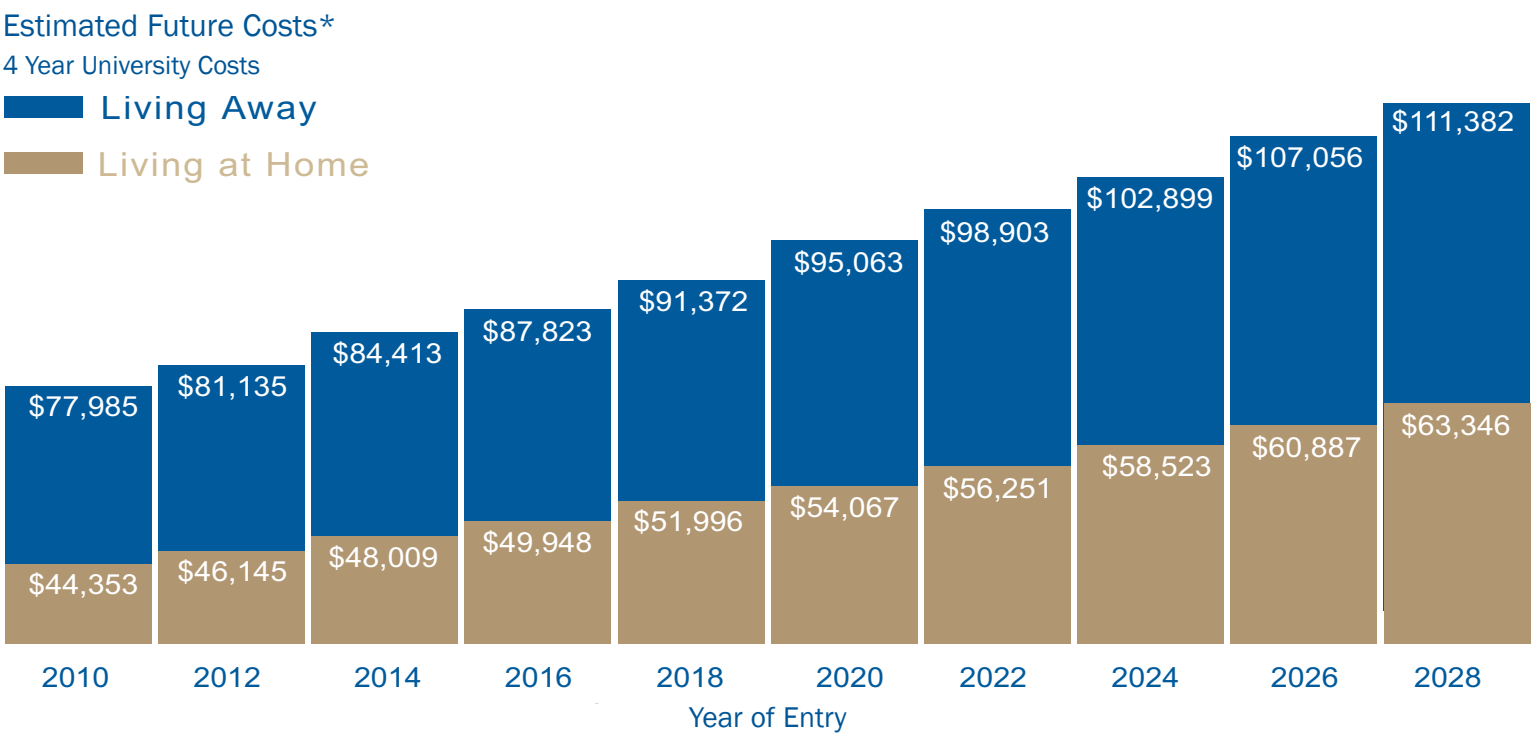
The Cost of a University Education



* Assumes an increase of 2% per year. Base year 2009. Source: Education Cost Calculator, "The Education Cost Calculator", www.canlearn.ca, HRSDC. Consider tuition fees alone, increased 5% per year in 2008 and 2009

Your Contribution

Yr	$50/mth $600/yr	$100/mth $1200/yr	$150/mth $1800/yr	$200/mth $2400/yr	$250/mth $3000/yr	$300/mth $3600/yr	$350/mth $4200/yr	$400/mth $4800/yr	$450/mth $5400/yr	$500/mth $6000/yr
1	$763.20	$1,526.40	$2,289.60	$3,052.80	$3,816.00	$4,579.20	$5,342.40	$6,105.60	$6,868.80	$7,632.00
2	$1,399.20	$2,798.40	$4,197.60	$5,596.80	$6,996.00	$8,395.20	$9,794.40	$11,193.60	$12,592.80	$13,992.00
3	$2,035.20	$4,070.40	$6,105.60	$8,140.80	$10,176.00	$12,211.20	$14,246.40	$16,281.60	$18,316.80	$20,352.00
4	$2,671.20	$5,342.40	$8,013.60	$10,684.80	$13,356.00	$16,027.20	$18,698.40	$21,369.60	$24,040.80	$26,712.00
5	$3,307.20	$6,614.40	$9,921.60	$13,228.80	$16,536.00	$19,843.20	$23,150.40	$26,457.60	$29,764.80	$33,072.00
6	$3,943.20	$7,886.40	$11,829.60	$15,772.80	$19,716.00	$23,659.20	$27,602.40	$31,545.60	$35,488.80	$39,432.00
7	$4,579.20	$9,158.40	$13,737.60	$18,316.80	$22,896.00	$27,475.20	$32,054.40	$36,633.60	$41,212.80	$45,792.00
8	$5,215.20	$10,430.40	$15,645.60	$20,860.80	$26,076.00	$31,291.20	$36,506.40	$41,721.60	$46,936.80	$52,152.00
9	$5,851.20	$11,702.40	$17,553.60	$23,404.80	$29,256.00	$35,107.20	$40,958.40	$46,809.60	$52,660.80	$58,512.00
10	$6,487.20	$12,974.40	$19,461.60	$25,948.80	$32,436.00	$38,923.20	$45,410.40	$51,897.60	$58,384.80	$64,872.00
11	$7,123.20	$14,246.40	$21,369.60	$28,492.80	$35,616.00	$42,739.20	$49,862.40	$56,985.60	$64,108.80	$71,232.00
12	$7,759.20	$15,518.40	$23,277.60	$31,036.80	$38,796.00	$46,555.20	$54,314.40	$62,073.60	$69,832.80	$77,592.00
13	$8,395.20	$16,790.40	$25,185.60	$33,580.80	$41,976.00	$50,371.20	$58,766.40	$67,161.60	$75,556.80	$83,952.00
14	$9,031.20	$18,062.40	$27,093.60	$36,124.80	$45,156.00	$54,187.20	$63,218.40	$72,249.60	$81,280.80	$90,312.00
15	$9,667.20	$19,334.40	$29,001.60	$38,668.80	$48,336.00	$58,003.20	$67,670.40	$77,337.60	$87,004.80	$96,672.00
16	$10,303.20	$20,606.40	$30,909.60	$41,212.80	$51,516.00	$61,819.20	$72,122.40	$82,425.60	$92,728.80	$103,032.00
17	$10,939.20	$21,878.40	$32,817.60	$43,756.80	$54,696.00	$65,635.20	$76,574.40	$87,513.60	$98,452.80	$109,392.00
18	**$11,575.20**	**$23,150.40**	**$34,725.60**	**$46,300.80**	**$57,876.00**	**$69,451.20**	**$81,026.40**	**$92,601.60**	**$104,176.80**	**$115,752.00**

Calculations are based upon the stated base contributions assuming an additional 20% CESG for every dollar contributed and a Rate of Return of 6% on the total contribution including grants.

Avoid Unplanned Choices

- Collapse your RRSP: Taking funds from RRSPs will cost more in taxes and devastate the growth cycle of a well planned retirement.
- Re-Mortgage your Home: Would you like to take a 2nd mortgage?
- Depend on Student Loans: Qualification depends on family income and may be less than expected or not available at all. Higher income earning families can usually afford the costs while lowest income get student loans. Middle income families have the most difficulty in getting student loans for their children
- Deny your child an Education: 36% of students who completed high school didn't continue to post-secondary studies because of a financial barrier - Statistics Canada, Access and Support to Education and Training Survey, 2008