

WHO'S WHO IN RESP?

- **Subscriber:** The subscriber is an individual who enters into and makes contributions to an RESP contract. Often, the subscriber is the beneficiary's parent, but depending on the type of RESP, a subscriber may also be a grandparent, another family member, or even a family friend. It is possible for the subscriber's spouse to be named joint-subscriber.
- **Replacing subscriber:** Upon the subscriber's and joint subscriber's death, the replacing subscriber becomes the subscriber and the annuitant. The designation of a replacing subscriber is subject to eligibility requirements and the terms of the plan, the contract and applicable laws.
- **Beneficiary:** The child named on the RESP who will benefit from the savings for post-secondary education.

A subscriber may choose to open a family RESP for multiple children instead of opening a separate RESP for each child.

In individual plans:

- Only one beneficiary can be named.
- Subscribers do not have to be related to the beneficiary (e.g. they could be aunts, uncles or friends).
- The beneficiary can be replaced by another child should the former not pursue post-secondary education.

In family plans:

- One or many beneficiaries can be named.
- Subscribers must be related by blood or adoption to the beneficiaries (therefore, the plan can only be opened by the parents or grandparents).
- All beneficiaries must be siblings of the same household. This is important if you are opening a family plan for a grandparent who wishes to name all his or her grandchildren from more than one family.
- Beneficiaries must be named to a family RESP before they turn 21, unless they were already named on another family RESP.

CONTRIBUTIONS

- Contributions are the deposits made by the subscriber.
- Grants are paid on the first \$2,500 in contributions made per calendar year.
- Grants may be paid on the first \$5,000 in contributions made during a calendar year if the contribution limit was not met in previous years.
- There is no annual limit for contributions to an RESP (however, contributions exceeding \$2,500 may not receive grants).
- The lifetime contribution limit is \$50,000 per beneficiary (not per contract; therefore, the limit could be reached by depositing \$25,000 to two different RESPs for the same beneficiary).
- Contributions are not tax deductible. Consequently, they are not considered taxable income when they are withdrawn.

GRANTS

Canada Education Savings Grant (CESG)

- Money the government adds to an RESP to help save for the post-secondary education of a child
- Represents 20% of every dollar contributed, up to a maximum of \$500 per calendar year (\$1,000 if there is unused grant room from previous years)
- Available until the end of the calendar year in which the child turns 17
- Maximum amount of the CESG a beneficiary can receive in his or her lifetime: \$7,200

Additional CESG

- The government adds this grant to RESPs for beneficiaries from low-to middle-income families
- 10% of the first \$500 contributed, up to a maximum of \$50, for a net family income of between \$50,197 and \$100,392
- 20% of the first \$500 contributed, up to a maximum of \$100, for a net family income of less than \$50,197

Income figures for 2022 shown

Canada Learning Bond (CLB)

- An additional grant paid by the government to RESPs for beneficiaries from low-income families (less than net \$50,197)
- \$500 payable at account opening, followed by \$100 per year until the beneficiary turns 15, for a total of \$2,000
- Not reliant on any contributions being made to the contract (unlike the CESG)
- For children born on January 1, 2004 or after

More savings. More flexibility. More possibilities.

The My Education+ plan is for people who want to invest in their child's future while having flexibility to decide how much and how frequently to invest.

In a nutshell:

- Family and individual plans
- Voluntary contributions based on the client's budget and goals
- Access to a high-interest account
- Possibility of taking advantage of Prestige preferential pricing
- Wide range of segregated funds
- No fees (aside from the management fees that apply to segregated funds)

WITHDRAWALS

If the beneficiary pursues post-secondary education

- The beneficiary can receive education assistance payments (EAP)
- These are made up of grants and interest generated within the contract
- They can be paid to either the beneficiary directly or to the subscriber
- They can be used for any level of post-secondary education (college, CEGEP, trade school, university, etc.)
- Maximum amounts of grants and interest that may be withdrawn within the first 13 weeks of the program:
 - \$5,000 (full-time program)
 - \$2,500 (part-time program)
- The annual withdrawal limit is \$26,860 (2023 figure)
- Contributions can also be withdrawn (post-secondary education [PSE] withdrawal) and paid to either the beneficiary or the subscriber

If the beneficiary does not pursue post-secondary education

- Contributions may be withdrawn at any time, with the associated grants reimbursed to the government (fees may be applicable depending on the product type and fee load structure)
- Accumulated income can be withdrawn or transferred to an RRSP once certain conditions have been met

TAXATION

Contributions are:

- Not tax deductible
- Not considered taxable income when withdrawn, regardless of whomever receives the payment

Grants and interest generated within the contract:

- Interest accumulates tax-free
- Taxable upon withdrawal - the plan beneficiary will receive a T4 in his or her name for the amounts withdrawn