



Registered Education Savings Plan (RESP)



What is an RESP?

A **Registered Education Savings Plan**, or **RESP**, is an investment vehicle used to save for a child's post-secondary education. By establishing an RESP you are investing in your child's education and future. A parent, family member or friend can setup and contribute to an RESP. Your contributions can grow surprisingly quickly when you use this type of investment account, as the Government of Canada offers the Canada Education Savings Grant (CESG) to supplement your contributions.

Once a student is enrolled in a qualifying educational program (a course of study that lasts at least three consecutive weeks with a minimum of 10 hours of instruction per week) the child named in your plan will be eligible to receive Education Assistance Payments (EAP) from the RESP to help cover the costs of education after high school.

Benefits

- ❖ **Less Tax:** The RESP account can grow tax free for years and then once withdrawals begin (EAP) these payments are treated as income to your lower income child attending college or university.
- ❖ **Withdrawals:** Contributions can be withdrawn tax free at any time as these were made with after tax dollars.
- ❖ **Contribution Limits:** There is a lifetime maximum limit of \$50,000 per child (no annual contribution limit)
- ❖ **Government Grants:** Contributions of up to \$2,500 annually are eligible for the Canada 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 there is unused grant room from previous years the child would be eligible for up to \$1,000 in CESG for that year. If a child does not pursue post-secondary education the CESG must be returned to the government.
- ❖ **Transferable:** RESP contributions and income can be transferred to an RRSP account (maximum \$50,000) if not utilized for an education.

How Much Can You Get?

NET FAMILY INCOME*	\$45,282 or less*	\$45,283 to \$90,563*	\$90,564 or more*
CESG and Additional CESG			
Basic CESG	Up to \$500 (20% on the first \$2,500 Contribution annually)	Up to \$500 (20% on the first \$2,500 Contribution annually)	Up to \$500 (20% on the first \$2,500 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 eligible 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

*2016 data provided by Employment and Social Development Canada

Rules For Beneficiaries Who Are 16 or 17 Years Old

RESPs for beneficiaries 16 and 17 years of age can only receive CESG if at least **one** of the following two conditions is met:

- a minimum of \$2,000 of contributions has been made to, and not withdrawn from, RESPs in respect of the beneficiary before the year in which the beneficiary attains 16 years of age; or
- an annual minimum of \$100 contributed to, and not withdrawn from, RESPs in respect of the beneficiary in any four years before the year in which the beneficiary attains 16 years of age.

If you would like additional information on these rules contact our Investment Advisor.

Parama RESP Investment Options

Parama RESP Account (For current rates visit parama.ca/investments)

- Variable Savings
- GIC's
- Index Linked Term Deposits: 3 year and 5 year
- Principal 100% guaranteed - DICO

Credential Asset Management Inc. RESP (Mutual Funds*)

- Mutual Funds have the potential to earn higher returns or experience losses over time
- Hundreds of Mutual Fund companies to choose from including Fidelity, NEI, and AGF
- **PRINCIPAL AND RETURNS ARE NOT GUARANTEED**

*Mutual funds are offered through Credential Asset Management Inc. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise stated, mutual fund securities and cash balances are not insured or guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer that insures deposits in credit unions. Their values change frequently and past performance may not be repeated.

Account Types

Single Plan – Only one child (beneficiary) can be listed on this account

Family Plan – 2 or more children (beneficiaries) can be listed on this account. The Family Plan allows for the sharing of contributions, gains and CESG but NOT the CLB.

Important to remember! *If there are multiple accounts setup for a child at various institutions the grant on contributions will be allocated on a first come first serve basis.*

Transfers

Parama accepts transfers of RESP accounts from other financial institutions. We will take care of the transfer process from start to finish.

If you would like more information or are ready to invest in an RESP contact us today!

416-207-9239

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