

RESP

SECURITIES



Thinking about the cost of your child's education?

Time to consider an RESP.





In today's competitive job market, a college or university degree is more important than ever. But with the rising cost of post-secondary education, paying for it can be a challenge. A Registered Education Savings Plan (RESP) enables you to make contributions now toward your child's future education.

The basics

What you need
to know
about RESPs

Tax-sheltered savings

While contributions to an RESP account are not tax-deductible as they are with an RRSP, contributions grow tax-sheltered while in the account and the income earned is not taxable until paid out to the beneficiary.

Contribution limit

Since 2007, there has been no annual contribution limit. There is, however, a lifetime maximum of \$50,000 in contributions to the beneficiary and the additional Canada Education Savings Grant is only eligible on the first \$2,500 contributed each year.

Canada Education Savings Grant

As an added incentive, every RESP beneficiary is eligible to receive a grant of up to 20% of the first \$2,500 contributed annually (\$500) until the beneficiary turns seventeen. If less than \$2,500 is contributed in any given year, the unused Canada Education Savings Grant (CESG) room can be carried forward, up to a maximum of \$1,000 granted annually. There is a lifetime maximum for CESG contributions of \$7,200 per beneficiary.

More education savings incentives

In addition to the benefits of an RESP, there are several more ways to maximize savings for your child's education.

1

CANADA LEARNING BOND

Details:

A Canada Learning Bond provides up to \$2,000 to pay for your child's full- or part-time studies in apprenticeship programs, CEGEPs, colleges, trade schools or universities.

Eligibility:

Based, in part, on the number of qualified children and adjusted income of the cohabitating spouse or common-law partner.

2

CANADA EDUCATION SAVINGS GRANT

Details:

A Canada Education Savings Grant adds an additional 10% or 20% onto the first \$500 or less contributed to an RESP annually.

Eligibility:

The Canada Education Savings Grant is available to children from low-income and middle-income families.

3

PROVINCIAL EDUCATION SAVINGS INCENTIVES

Details:

British Columbia, Saskatchewan and Quebec offer programs that may add money to an RESP.

Eligibility:

If you live in either province, speak to your iA Securities Investment Advisor.

FAQ5

Five questions and answers about RESPs

1 How many RESPs can I have?

There is no limit to the number of plans from different institutions your child can have, but there is still a lifetime contribution limit of \$50,000 per beneficiary for all of the plans combined.

2 How does my child use RESP funds?

As many contributions as you like can be withdrawn to pay for your child's qualifying post-secondary education program. Withdrawals from the Canada Education Savings Grant (and other grants) received or interest earned is called an Education Assistance Payment and can be used to pay for tuition, books or transportation.

3 Can I transfer an RESP to another child?

Yes. If, for example, one child decides not to attend university, you may change the beneficiary named on the RESP. Or you can simply add the child to an existing RESP family plan.

4 What happens to unused RESP funds?

RESPs mature after 35 years and any unused contributions are returned tax-free to the contributor. Any income from the contributions can be transferred up to \$50,000 into the contributor's (or spouse's) RRSP or taxed at the marginal rate plus a 20% surtax. Any unused Canada Education Savings Grant funds must be repaid to the government.

5 Can I withdraw RESP funds?

Contributions can be withdrawn tax-free at any time by the contributor, but restrictions may apply on future Canada Education Savings Grant payments.

Did you know?

Lifetime contribution
limit for each
RESP account is
\$50,000
and there is no
annual limit.

\$47 billion — how much Canadians held in their RESP
accounts in 2015.

\$4.1 billion — the amount Canadian families contributed
to RESPs in 2015.

(Source: <https://www.insuranceforchildren.ca/truth-about-resp-fees/>)

An RESP is a great opportunity to save for your child's education. Speak to an iA Securities Investment Advisor to learn more.

iasecurities.ca



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