



Canadian Association of Family Resource Programs (FRP Canada)



RESP's: Special Savings Plan for Education and the associated Government Grant and Bond

Did you know that the Canadian Government will give up to **\$9,200** towards your child's post-secondary education (college, university, trade schools, overseas schooling)?

Although just about everyone believes that it is worthwhile to save for education, less than half of parents surveyed in 2007 have ever looked for information about saving for their child's post secondary education (PSE) and less than half were aware of government programs that help parents save for PSE.

Through Human Resources and Skill Development Canada the Government of Canada is working to make Post Secondary Education (PSE) more accessible and more affordable and to help families save for their children's education through the **Canada Education Savings Program**. This initiative includes a range of programs that encourages and supports Canadians to pursue educational opportunities. Within this program, the **Canada Education Savings Grant (CESG)** and the **Canada Learning Bond (CLB)** is available to assist modest and middle-income families with their post secondary education savings.

How does it work?

When you open a Registered Education Savings Plan (RESP) with your bank or credit union, they will register you for the **Canada Education Savings Grant (CESG)**, and for those with modest income, the **Canada Learning Bond (CLB)**.

That means for families with modest income that qualify for the **CLB**, from the moment you open a RESP you could receive **\$500** that is directly deposited into the plan. You don't even have to put in any money yourself to claim the **\$500** and each year the government continues to add to the savings. After the initial \$500 an additional **\$100 per year** is added, tax free, up to the age of 15. The maximum lifetime amount is **\$2,000** (plus the interest it earns).

In addition, all families qualify for the **Canada Education Savings Grant** and depending on your income level and how much you save, the Government of Canada will add 20% to 40% to your RESP savings up to a maximum between \$500 and \$600 per year. If you save more than \$500 a year, an additional 20% will be added to the contributions to the maximum CESG of \$500-\$600 per year. **\$7,200** is the maximum lifetime grant (plus this money earns interest so the total could amount to more than \$7,200 and is *not* taxed).

What is an Registered Education Savings Plan?

An RESP is a special savings plan that can help families save for post-secondary education. RESPs are registered by the Government of Canada to allow savings for education to grow tax-free until the person named in the RESP enrolls in education/training after high school.

Why open one?

Because the Government of Canada will help you save money if you open an RESP account through the Canada Education Savings Grant and the Canada Learning Bond. They are only available for your child if you open an RESP.

Because Post Secondary Education (university, college, apprenticeship programs, overseas training) in today's world is important for your child's future and it can be expensive.

Who can open an RESP?

Anyone can open an individual RESP for a child—parents, guardians, grandparents, other relatives or friends. Family plans must be blood relations or adoption related.

When should you open an RESP?

Start early, newborns qualify, and by starting early you can take full advantage of the federal government grant and bond and savings can grow surprisingly quickly.

Where can you open an RESP?

At most financial institutions (such as banks and credit unions) or with a group plan dealer or certified financial planner.

What do you need to do to open an RESP?

A Social Insurance Number (SIN). You must have one for yourself and one for your child. There's no fee. However, certain documents, such as a birth certificate are required.

For more information, visit or contact Service Canada at
1-800-Canada (1-800-622-6232)
or visit the Government of Canada website www.canlearn.ca