

The Value of Registered Education Savings Plans (RESPs)

The benefits of an RESP go beyond the obvious financial benefit. RESPs are also important for families for reasons involving setting future goals and family values.

1. RESPs communicate parental expectation that their child will go on to receive post-secondary education (PSE).
2. RESPs are of most benefit when started at a very young age. Focusing on post-secondary education early helps children at a young age to believe that PSE is attainable.
3. RESPs highlight the value of higher education within the family.
4. RESPs can break the self-fulfilling prophecy: if parents don't expect the child to attend PSE, they don't start a savings program and thus the student is less likely to attend.
5. Families often over-estimate the ability of the child to obtain scholarships, grants or bursaries and under-estimate the total costs of PSE. By early planning for savings, it is possible to enhance a family's belief in the ability to finance some of their child's PSE and decrease the student's overall debt load.

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