

## REGISTERED EDUCATION SAVINGS PLANS (RESP)

- The subscriber of an RESP plan makes contributions for a beneficiary (usually their children or grand-children) to help save for post-secondary education.
- Unlike the RRSP, contributions made for an RESP are **not deductible**
- There is a **life-time contribution limit** of **\$50,000 per child**; however, there are no limits to how much a person can contribute in a given year.
- RESP's generate interest income and grants which are taxed in the hands of the beneficiaries (the children)
- If you are saving for a child's education, the Government of Canada provides special saving incentives **only available if you have an RESP**.

### 1. Canada Education Savings Grant (CESG)

- **This is provided to everyone who saves for education; regardless of income level**
- **The government** pays a grant based on the amount contributed to an RESP for the child.
- The government will deposit the CESG directly into the child's RESP.
- The government will contribute **20% of your annual contributions** to **all RESPs** to a maximum CESG of **\$500** for each beneficiary; for a lifetime limit of \$7,200 for each beneficiary.
- Therefore to get the full \$500 per year, must contribute \$2,500 per year.
- Some beneficiaries may qualify for additional CESG, if they are from lower income families

### 2. Canada Learning Bond (CLB)

- Incentive of up to \$2,000 to help modest-income families
- deposited directly into the child's RESP.