

## Registered Education Savings Plan (RESPs)

**Did you know?** A Registered Education Savings Plan (RESP) is one of the best ways for family and/or friends to save towards a child's post-secondary education. It offers **tax-free** savings and allows you to take advantage of **FREE \$\$\$** from the Government of Canada through its special saving incentive programs which include the **Canada Learning Bond (CLB) and Canada Education Savings Grant (CESG)**. There are different types of RESP plans to choose from, so it is wise to speak directly with an RESP provider about which plan works for you (see Types of RESP's fact sheet).

**How can I open an RESP?** You can open an RESP through what is known as an **RESP provider**. RESP providers include most financial institutions, such as banks and credit unions, as well as group plan dealers and financial service providers.

**Why should I open an RESP?** It only costs **\$1** to open an RESP account for your child. When you open an RESP for your child, he or she could qualify to receive **\$500 FREE** for the first year and up to **\$100 per year** up to the age of 15 to add his/her RESP savings. Taking into account all of the saving incentives, your child could receive up to **\$9,200** in additional savings throughout the lifespan of his or her RESP.

**What do I need to open an RESP?** You will need a **Social Insurance Number (SIN)** for you and your child. If you do not have a SIN you can apply for one at your local Service Canada office or go online to [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca).

### FACTS

- An RESP can stay open for a maximum of 26 years (31 years for a person with a disability).
- RESP funds can be used for part-time or full-time study and can be accessed to fund any Qualified Educational Program upon enrollment.
- The types of RESPs include an Individual Plan, Family Plan and Group Plan. (See RESP fact sheet).
- There are no age limits for opening an RESP.
- You don't need a bank account to open an RESP.

### (FAQ'S) Frequently Asked Questions

**What can I do with my RESP if my child does not continue education after high school?** You have 4 options. (1) Wait, your child may decide to continue studying later; (2) Transfer the money to a siblings RESP; (3) Transfer money to an RRSP and (4) Consult with your RESP provider about withdrawing your savings.

**Can I withdraw income if my child does not continue education after high school?** Yes, but only if (1) the RESP beneficiaries are 21 years or older; (2) are Canadian residents and (3) the RESP has been open for at least 10 years.

**What exactly is meant by "tax free" savings?** You will not be taxed on the amount you contribute to your RESP, but you have to pay taxes on the money you earned in your plan as interest.

### SOLUTIONS

- ✓ Contact ILRC Thunder Bay at 1 800 461 – 3153 ext. 6 or visit [www.canlearn.ca](http://www.canlearn.ca) for more information on RESP's.
- ✓ Get a Social Insurance Number at your local Service Canada office or visit [servicecanada.gc.ca](http://servicecanada.gc.ca)
- ✓ Contact an RESP provider at a bank, credit union or other financial service institution.