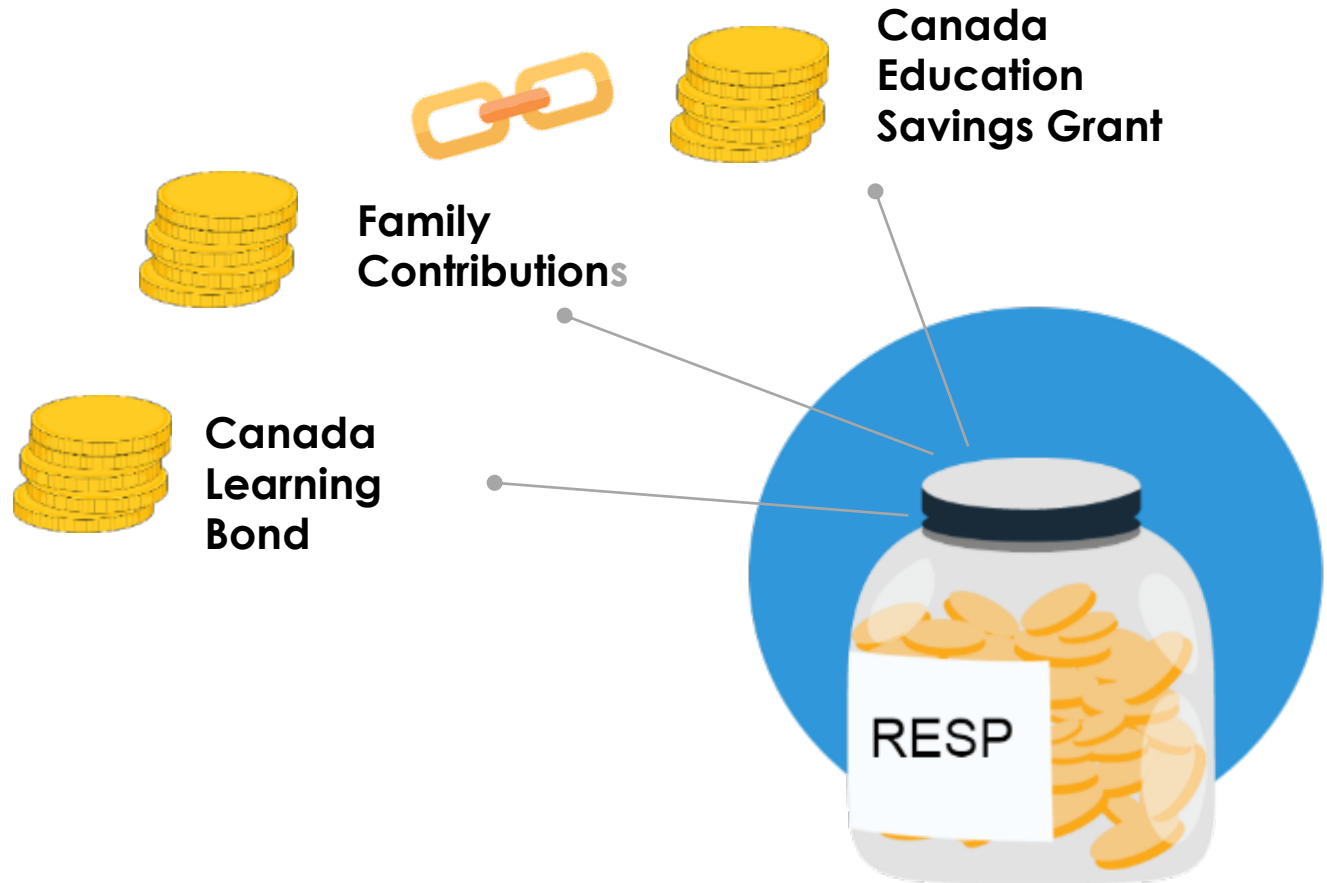


CANADA

EDUCATION SAVINGS

PROGRAM



Registered Education Savings Plans (RESP) is the account required to receive any of the federal or provincial benefits associated with education savings.

Think of this as a **special bank account**, which collects savings for education after high school.

There are **2 sources of funds**.

The **Canada Learning Bond (CLB)** is **free money** or a kick start contribution by the federal government into the RESP. An initial grant of \$500 is followed by an additional \$100 per year, to a maximum of \$2000.

No parental contributions are needed

The funds are for full or part time studies in apprenticeship, College, Trade or university, for children born after January 2004 and whose families net income is – **\$49,020** - line 236 on tax return (the income eligibility increases annually)

The grant is retroactive which means that when an eligible family applies for the Bond their first deposit will include the initial \$500 as well as \$100 for each previous year the child was eligible.

For example, if the child is 14 and the family has always been income eligible, within 65 days of opening up the RESP, they will receive \$1900.

Canada Education Savings Grant (CESG) is a matching incentive designed to encourage contribution to an RESP

Based on income levels, the match will be from 20 percent to 40 percent of the contribution into the RESP

So as an example, if you deposit \$50 into the RESP account, the government will match this with an additional \$10 or \$20 based on income levels. The lower the income level, the higher the percentage match.