

Overview – Seeds of Hope Project

RESP / Canada Learning Bond and Canada Education Saving Grant Program

Thank you for your interest in this project. I will do my best to provide as much information in as clear and concise a manner as possible. Please do not hesitate to contact me for additional information/clarification.

The following information has been primarily sourced through the website www.canada.ca/education-savings (Federal Government website).

Please refer to the member toolkit at the National SSVP website at <https://www.ssvp.ca/seeds-hope>

Background:

In 2011, we read in the Toronto Star about the Canada Learning Bond (CLB) which provides up to \$2,000 in Free Money for post-secondary education for low-income families. We then followed up with on-line research and contacted Smartsaver, a well-respected education savings advocate and Learning Bond expert.

The Smartsaver program is focused on increasing awareness and participation among families living on low-incomes in the Federal Government's Canada Education Savings Program. It helps people open Registered Education Savings Plans (RESPs) and access the supplementary Canada Learning Bond (CLB) and the Canada Education Savings Grant (CESG) and Additional Canada Education Savings Grant (ACESG).

We also joined the CLB Champions' Network organized by the Canada Education Savings Program of Employment and Social Development Canada. The network is composed of community-based organizations collaborating to find and implement ways of raising awareness of the importance and benefits of saving early for post-secondary education through RESP's and to ensure that CLB eligible households benefit from this incentive.

The Opportunity:

Nationally, only 1 in 4 children who are eligible for the CLB have received it, due to low awareness and barriers to access. From our experience, the take up rate for the families the Society serves is drastically lower.

The statistics show that 'the mere existence of educational savings makes a child 50 per cent more likely to pursue post-secondary education'. These programs create the expectation and hope that the child will pursue post-secondary education and this is a very powerful and hopeful statistic.

The RESP supports Full or Part time studies in: Apprenticeship, CECEP, College, Trade, University.

There are 3 main elements of government support into a Registered Education Savings Plan (RESP):

A) **The Canada Learning Bond** – for children born January 1, 2004 or after and whose family's annual income is less than \$55,867 (income levels are indexed annually, family income cut-off is higher for families with more than three children). They are eligible for up to \$2,000 in Free Education Money into an opened RESP. The government will deposit \$ 500 initially and \$ 100 every following year (if still income eligible) to a maximum of \$ 2,000. Payments are retroactive. No parental contribution is required.

B) Canada Education Savings Grant and Additional Canada Education Savings Grant - a contribution is required and the government will match up to 40 % depending on income levels (there are annual cap amounts for the grants, with a lifetime grant maximum of \$7,200)

C) Provincial Grants – Currently BC and Quebec offer additional grants for deposit into RESPs.

Ontario Region Systemic Change Project:

We launched a Systemic Change project in the Ontario Region in September 2012 and through the joint sponsorship of the Ontario Regional Council and the Halton Particular Council, we provide a \$50 contribution into opened RESP accounts, which then in turn attracts the matching grants. We also provide a congratulatory framed certificate to the children.

As at August 2024, we have assisted over 485 children within the Halton Particular Council conferences in opening up RESP accounts and gaining access to savings for post-secondary education. Other councils and conferences in Ontario and across Canada are actively engaging in the project.

The project has also served as an effective recruitment tool and is attracting volunteers who have an interest and skills in 'systemic change' type work. Additionally, the project has attracted financial donations as providing hope for the children's education future really resonates with parishioners.

National Education Savings Week:

In November 2014, Minister of State Candice Bergen announced the creation of the National Education Savings week that occurs in November of each year.

Seeds of Hope Project:

The primary focus of the Seeds of Hope project is to raise awareness and increase access to the Canada Learning Bond.

Additionally, the project will provide resource information on dental health, recreational, back to school and other programs.

Answers to commonly asked questions from the volunteer group:

- 1. Approach with the families** - We have found in addition to making the families aware of the opportunity, that the follow up effort with the families is a key element of this project. First comes awareness and then hopefully comes access with our support as required. Access to the funds requires the family to apply for a Social Insurance Number for their child (if they already do not have one) and to go to a financial institution. There are steps and barriers that are blocking access, especially for a single mother facing many daily struggles. Informed members are needed to 'walk alongside' the families and assist and encourage them in taking the required steps.
- 2. Exempt as assets, exempt as income** - Many families are concerned that the RESP may affect social benefits. The Canada Learning Bond is an exempt asset and will not have any impact on social benefits that a family may be receiving.
- 3. A RESP is a tax-sheltered account** - that enables money to be accumulated for the sole purpose of funding post-secondary education. The child is named as the beneficiary on the account. The funds are set aside for the child's post-secondary education and the money grows tax free and are taxed in the hands of the student upon withdrawal upon proof of acceptance in full time or part time studies.

4. **The RESP account can remain open for 36 years after it has been opened** - If a child does not seek any kind of post-secondary education or training, any funds the government has contributed go back to the government.
5. **The qualifying Net Income levels are indexed to inflation annually** -The income levels are Net Income (ie) After Tax Income.
6. **Eligible Income Level** -The 2024 family's annual income level is \$55,867. This is indexed annually. The family income cut-off is higher for families with more than three children.
7. **When does the family get the money** - Within 65 days from the receipt of a complete and accurate application, a \$ 500 Bond payment will be deposited directly into the child's RESP account, in addition to any retroactive payments.
8. **Do I need to reapply each year** - In August of every year, upon filing a tax return (which is a prerequisite for receipt of any benefit) an additional \$ 100 Bond payment will be made directly into the child's RESP as long as the family continues to qualify. The payment is automatically processed in subsequent years by the Federal Government and the bank. As long as the family's net income still qualifies them, and they have filed a tax return, the next CLB payment will be deposited automatically.
9. **My child is 6 and I just applied. Have I missed out** – The payments for the Canada Learning Bond are retroactive and any \$ 100 annual deposit amount owing from a previous year will be included in the initial deposit. *Perhaps this example will help.* The application is made in 2015 for a child born in 2004 and the eligibility rule applied for each year. The funds will be \$ 500 for the year 2004, \$ 100 for years 2005 to 2015, so the initial funds received will be \$1,600.
10. **Annual Bond entitlements** - The eligibility is 'tied' to each year's income levels. Annual Bond entitlements are retained and children do not become ineligible based on future year after tax income levels. For instance, a child could be eligible in 2012, not eligible in 2013, and eligible again in 2014. The eligibility in one fiscal time period does not impact the eligibility in a different fiscal time period.
11. **Canada Education Saving Grant (CESG) and Additional Canada Education Savings Grant (ACEGS)** – In addition to the Bond, there are matching grants available if contributions are made. The basic CESG is 20% and this rate increases to a maximum of 40% based on income levels. There are annual grant limits with a lifetime maximum of \$7,200.
12. **If the families have questions** - on an existing RESP account, encourage them to call the Canada Education Savings Program Hotline at 1-888-276-3624 to speak with a federal government representative.

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