



**RESP**

Thinking about  
the cost of your  
child's education?

Time to consider  
an RESP.

With the rising cost of post-secondary education, it's more important than ever to consider the benefits of a Registered Education Savings Plan (RESP) so you can start contributing today towards your child's future education.



# The basics:

## What you need to know about RESPs.

### **Tax-sheltered savings**

While contributions to an RESP account are not tax deductible, they grow tax-sheltered while in the account and the income earned is not taxable until paid out to the beneficiary.

### **Contribution limit**

Since 2007, there has been no annual contribution limit. There is, however, a lifetime maximum of \$50,000 in contributions to the beneficiary and the additional Canada Education Savings Grant is only eligible on the first \$2,500 contributed each year.

### **Canada Education Savings Grant**

As an added incentive, every RESP beneficiary is eligible to receive a grant of up to 20% of the first \$2,500 contributed annually (\$500) until the beneficiary turns 17. If less than \$2,500 is contributed in any given year, the unused Canada Education Savings Grant (CESG) room can be carried forward, up to a maximum of \$1,000 granted annually. There is a lifetime maximum for CESG contributions of \$7,200 per beneficiary.

### **Provincial Education Savings Incentives**

British Columbia, Saskatchewan and Quebec offer programs that may add money to an RESP. If you live in one of these provinces, speak to your iA Private Wealth Investment Advisor for more details.

# FAQ

## Five questions and answers about RESPs

### 1 How many RESPs can I have?

There is no limit to the number of plans from different institutions your child can have, but there is still a lifetime contribution limit of \$50,000 per beneficiary for all of the plans combined.

### 2 How does my child use RESP funds?

As many contributions as you like can be withdrawn to pay for your child's qualifying post-secondary education program. Withdrawals from Canada Education Savings Grants (and other grants) received or interest earned are called Education Assistance Payments and can be used to pay for tuition, books or transportation.

### 3 Can I transfer an RESP to another child?

Yes. If, for example, one child decides not to attend university, you may change the beneficiary named on the RESP. Or you can simply add the child to an existing RESP family plan.

### 4 What happens to unused RESP funds?

RESPs mature after 35 years and any unused contributions are returned tax-free to the contributor. Any income from the contributions can be transferred (up to \$50,000) into the contributor's (or spouse's) RRSP or taxed at the marginal rate plus a 20% surtax. Any unused Canada Education Savings Grant funds must be repaid to the government.

### 5 Can I withdraw RESP funds?

Contributions can be withdrawn tax-free at any time by the contributor, but restrictions may apply on future Canada Education Savings Grant payments.

## Did you know?

Lifetime contribution  
limit for each  
RESP account is  
**\$50,000**  
and there is no  
annual limit.

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**\$69.9 billion** — how much Canadians held in  
their RESP accounts in 2020.

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**\$5.2 billion** — the amount Canadian families  
contributed to RESPs in 2020.

Source: Government of Canada. Canada Education Savings Program: 2020 Annual Statistical Review.

iA Private Wealth offers tailored wealth management solutions through a network of more than 500 independent Investment Advisor teams. With over \$48 billion in assets under administration, we are the partner of choice for discerning investors across Canada.

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