

# Maximize RESP savings with government grants and incentives

If you have children, saving for their post-secondary education may be one of your biggest goals. Every little bit counts, and there are government grants and incentives that may be available to help you build your child's [Registered Education Savings Plan](#) (RESP).

## 1. Canada Education Savings Grant (CESG)

- Basic CESG:** Each year, the Government of Canada may match your RESP contributions by up to 20%. That means that if you contribute \$2,500 annually, you could receive a CESG of **\$500 for each year** before your child turns 18 years old, up to a **lifetime total of \$7,200** in additional education funding for each child! The RESP lifetime contribution limit is \$50,000 per child. [Learn more about basic CESG](#)
- Additional CESG:** Based on your family income, you may receive an additional 10% or 20% on the first \$500 contributed. The basic and additional CESG have a combined total lifetime maximum of \$7,200 per child. [Learn more about additional CESG](#)



### RESP savings tip

If you miss a year of RESP contributions or started late, you may be able to catch up on CESGs by contributing more than \$2,500 in a year. The maximum CESG payout is **\$1,000** per child per year.

[Learn more about CESG grant room](#)

### Every little bit helps



The expected cost of a 4-year Canadian university undergraduate degree starting in 2025, including residence, is almost **\$100,000**<sup>1</sup>.



The anticipated cost for one year of tuition starting in 2025, including expenses like books and incidentals (without residence), is over **\$13,000**.



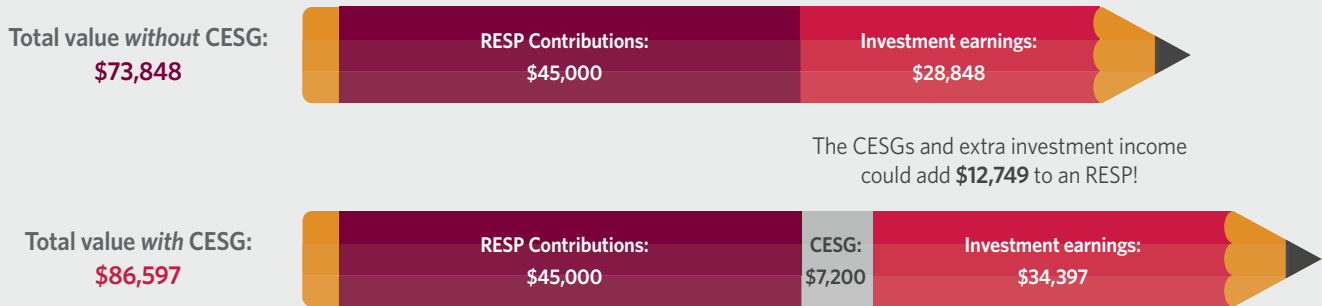
The full **\$7,200 CESG** certainly makes a significant difference to help cover education costs!

### Possible CESGs based on 2021 contributions

Family net income <sup>2</sup>	Basic CESG	Additional CESG	Total CESG
Less than \$49,020	20% on up to \$2,500 = \$500	20% on first \$500 contributed = \$100	\$600
\$49,020 to \$98,040	20% on up to \$2,500 = \$500	10% on first \$500 contributed = \$50	\$550
More than \$98,040	20% on up to \$2,500 = \$500	not applicable	\$500
Example: Sara and Adam's family income was \$45,000 and they contributed \$1,200 to an RESP for their 4-year-old son	20% x \$1,200 = \$240	20% x \$500 = \$100	\$340

## The power of the CESG<sup>3</sup>

Hypothetical savings example after 18 years of investing, assuming a 5% rate of return



## 2. Canada Learning Bond (CLB)<sup>4</sup>

- The CLB is generally available when your child is 15 years of age or younger and you qualify for the Canada Child Benefit (CCB).
- The CLB in the initial year is \$500, and subsequent annual installments of \$100 are available until the end of the year in which your child turns 15. The lifetime maximum CLB is **\$2,000** per child. [Learn more about the CLB](#)

## 3. Provincial grants

### • Quebec Education Savings Incentive (QESI)

The QESI is a refundable tax credit that's paid into your child's RESP. It includes a basic credit (up to \$250 a year) and an additional credit for low-income families (up to \$50 a year) that are based on your contributions. Your child must be under 18 years old and a Quebec resident at the end of the year. The lifetime maximum is **\$3,600** per child. [Learn more about QESI](#)

### • British Columbia Training and Education Savings Grant (BCTESG)

The BCTESG is a **\$1,200** one-time grant to eligible children. You can apply for the grant starting on your child's 6<sup>th</sup> birthday and up until the day before your child turns 9. [Learn more about BCTESG](#)

**Keep telling your child that anything's possible. We're here to work with you to create a financial plan to help make those dreams a reality.**

**Contact us today so you can start investing for their future.**

[Book a meeting](#) at a banking centre convenient for you.

<sup>1</sup> Source: Statistics Canada. Tuition, Living and Accommodation Costs, 2017/2018. Considers tuition, compulsory fees, meals, residence (if applicable), estimated cost of textbooks and incidentals. <sup>2</sup> Figures may change annually. <sup>3</sup> Before any withdrawals, income taxes or administration fees. Based on a \$2,500 annual contribution for 18 years, beginning in the beneficiary's birth year, earning 5% annually net of management and administrative fees. Example assumes contributions are made, and the 20% grant is paid, at the beginning of the year. Note: Maximum lifetime grant of \$7,200 per beneficiary is attained by the 15<sup>th</sup> year. Actual returns will vary. Source: CIBC, October 2019.

<sup>4</sup> Source: Canada Learning Bonds, Additional Canada Education Savings Grants and provincially-funded education savings, CIBC, July 2019.

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