



# Invest in your child's future with a Registered Education Savings Plan

Preparing your child for a happy, successful life is a top priority. Post-secondary education may give them the foundation needed to reach their long-term goals. Recognizing the dramatic increase in education costs, one of the best gifts you can give them is an investment in their future.

## What's a Registered Education Savings Plan (RESP)?

An RESP is the cornerstone of most education savings strategies. It offers tax advantages and government grants that help maximize your savings.

### The two most common types of RESPs are:



**Individual plans:** For one child named as beneficiary.



**Family plans:** For two or more children, family plans can be opened for one child initially, adding other children later on. If one child doesn't pursue post-secondary education, the funds can generally be used for the remaining child(ren).



### RESP saving tips

- Ask grandparents and loved ones if they would like to contribute to the RESP that you have set up.
- Set up a Regular Investment Plan to contribute automatically on a regular basis.
- Maximize savings by starting as soon as possible!

The RESP lifetime contribution limit is **\$50,000 per child**. There is no annual contribution maximum. You can generally make contributions to an RESP for **up to 31 years** after it's first opened. The account must be closed by the end of the 35<sup>th</sup> year following the plan's inception year; however, these timelines may be extended if a child can claim the disability tax credit.

## RESP key benefits



**Education flexibility.** RESP savings can be used towards a variety of post-secondary educational paths (e.g. university, college, trade school and apprenticeship) and costs (e.g. tuition, books and living expenses).



**Government contributions.** The federal and some provincial governments may provide grants and incentives (e.g. CESG) to help your RESP savings grow faster. Don't pass up this opportunity for additional money! [Learn more about government grants and incentives](#)



**Investment choice.** There are a variety of investment solutions for your CIBC RESP. [Learn more about our investment solutions](#)



**Tax savings.** Your investment is tax-sheltered while in the RESP. When the income earned from the RESP and grants are withdrawn for post-secondary education, they are taxed in the child's hands, who may pay little or no tax on them.

## Canada Education Savings Grant (CESG)

The most popular government grant is the CESG. When you make RESP contributions, the federal government may match up to 20% of your contributions (or \$500 for each year before your child turns 18 years of age) through the CESG. **This could mean up to \$7,200 per child of additional money!**



To help make things simpler for you, your CIBC Advisor will submit all RESP government forms for you throughout your RESP journey.

## When can you use your RESP money?

- **Access at any time.** With a CIBC RESP, you can take out your contributions **without tax at any time** (depending on the specific investment term). However, CESGs may need to be repaid if your child(ren) aren't enrolled in a post-secondary program at the time.
- **When your child is enrolled in a post-secondary program.** Fund a variety of post-secondary paths in Canada and abroad. Family RESP funds may be used for any child who is a beneficiary, although the payout of CESGs is limited to \$7,200 per child.
- **If your child doesn't go to a post-secondary program.** You can take out your contributions **without tax at any time** (depending on the specific investment term). Once certain conditions are met, you can withdraw the remaining income earned from the RESP. You may be able to transfer up to \$50,000 of this income to your or your spouse/common-law partner's RRSP if you have sufficient RRSP contribution room; otherwise, you will pay income tax plus a 20% penalty tax on the income. Remaining CESGs generally need to be repaid.

## Set up an RESP with these 4 easy steps:

1. Get to know the basics of RESPs. Learn more:
  - [CIBC website](#)
  - [Government of Canada website](#)
2. Gather your documents:
  - Two pieces of ID for each subscriber (the individual(s) opening the RESP). One piece must be government issued photo ID, such as a driver's license.
  - Social Insurance Number (SIN) of the subscriber(s) and child(ren)
  - Proof of birth (e.g., photocopy of child's birth certificate)
  - Name(s) of the parent(s)/legal guardian(s) for each child
3. Connect with us to take the first step in your RESP journey:
  - [Book a meeting](#) at a banking centre convenient for you
4. Let us help you set up a personalized contribution plan to help you grow your savings.

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.

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