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).

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 35th year following the plan’s inception year; however, these timelines may be extended if a child can claim the disability tax credit.

**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!

**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 When the income earned from the RESP and grants are withdrawn for post-secondary education, they are taxed in the child’s hands, who may pay little or no tax on them.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.