

ECHOLON

WEALTH PARTNERS

EMPOWER YOUR POSSIBLE

RESPs

An investment in your child's future

The Echelon Difference

As an independent wealth management and capital markets firm, we aim to build lifetime relationships by providing our clients with unbiased investment solutions, professional management and unparalleled service. Canadian-owned and operated, Echelon has more than \$7 billion in assets under administration and management with offices in Toronto, Oakville, Ottawa, Montreal, Calgary, Vancouver, Victoria, Saskatoon, London and Edmonton.

Post-secondary education is fundamental to success in life. That's why we make RESPs a priority for our clients.

RESPs have been designed to help families save for the rising costs of a post-secondary education in Canada.

In 2016/2017, the average annual undergraduate university tuition for a full-time student was \$6,580*. However, tuition represents only about one-third of the expenses that students face each year. Housing, food, books, technology and other costs can all add up quickly.

Although RESPs are not the only investment vehicles available to those saving for their children's education, they are the most flexible and tax-effective.

As with any kind of investment, starting early is always a good idea. Strive to open the RESP as soon as your child is born. This will give your money maximum time to grow, plus you can make the most of your child's Canada Education Savings Grant (CESG).

You can count on your Echelon Advisor for smart recommendations that optimize RESP investment performance while managing volatility.

CESG and other government grants. RESP contributions are eligible for a grant under the federal government's CESG. You'll receive a grant of up to 20% of the first \$2,500 contributed to the plan

every year for each child under the age of 18, up to \$500 per child each year and a lifetime limit of \$7,200 per child. This truly is free money from the government - a rarity that shouldn't be passed up.

If you're a resident of Alberta, Saskatchewan, Quebec or British Columbia, or if you're a lower income family, you may qualify for additional grants from the federal or provincial government.

RESP QUICK LIST

- If your child (or beneficiary) is a resident of Canada and has a social insurance number, you can open a RESP at any age.
- Money within the RESP grows tax-deferred until withdrawn. (But, unlike a RRSP, there is no tax deduction from the contribution.)
- Contributions can be made to a RESP for 31 years from the date the account is opened.
- Basic CESG is equal to 20% of the first \$2,500 in annual RESP contributions for each child.
- Contribute any amount up to a lifetime maximum of \$50,000 for each child's RESP.
- Withdrawals are taxed in the beneficiary's hands, usually at a lower marginal income tax rate.
- There are no foreign content restrictions, allowing you to build a diversified portfolio.

*<http://www.statcan.gc.ca/daily-quotidien/160907/dq160907a-eng.htm>

ECH[≡]ELON

WEALTH PARTNERS

EMPOWER YOUR POSSIBLE



TIP

Is there a significant age difference between your children? Consider Individual Plan RESPs to avoid the risk of the Family Plan having to be wound up before the youngest child has completed his or her education.

Who should consider an Echelon RESP?

- Parents/Grandparents can take maximum advantage of the benefits that are offered every year to age 18
- Parents or relatives who have established plans for savings and wish to maximize their tax-effectiveness
- Parents or relatives who have already opened RESPs but are restricted to investing in a limited suite of products
- Parents or relatives who wish to establish a regular savings program for post-secondary education

What is an Individual Plan RESP?

This plan allows the subscriber to name one beneficiary who does not have to be related to the subscriber by blood or adoption.

What are Family Plan RESPs?

This plan enables the subscriber to name more than one beneficiary, provided they're all related to the subscriber by blood or adoption, and provides the flexibility of sharing RESP assets among different beneficiaries.

DID YOU KNOW?

All RESPs are not the same. An Echelon RESP allows you to invest in any combination of stocks, bonds and mutual funds.

FAQs

Do RESPs expire?

RESPs have a maximum life of 35 years. Additionally, contributions can only be made up until the beneficiary reaches 31 years of age.

How do I use RESP withdrawals?

Once the student is enrolled in a qualifying post-secondary school, the accumulated income, grants and interests within the account are paid out as Educational Assistance Payments (EAPs). This is considered taxable income to the student and is reported on their tax return.

What if I over-contribute?

Over-contributions are subject to a penalty of 1% per month until the excess is withdrawn.

What if my child doesn't pursue a post-secondary education?

You have a number of options. Here are just three worth considering:

- Do nothing. The RESP account can remain open for 36 years, in the event your child changes their mind.
- Choose an alternative beneficiary. In an Individual RESP Plan, the new beneficiary can be anyone. In a Family RESP Plan, the new beneficiary must be related by blood or adoption to the contributor.
- Roll over the RESP to your RRSP. Provided you have contribution room, you can defer the tax payable on the income withdrawal by rolling it directly into your RRSP or spousal RRSP.

Conditions apply for all options, so please consult an Echelon Advisor for more information.



DISCLAIMER | Echelon Wealth Partners

The particulars contained herein were obtained from sources which we believe are reliable, but are not guaranteed by us and may be incomplete.