

Plan Purpose

- To accumulate savings for a beneficiary's post-secondary education.

Plan Types

- Individual or family plan

How the Plan Works

- Depending on the plan type, the subscriber (the person who makes contributions to the plan) designates one or more beneficiaries to use the investment income generated by the plan and education savings grants.
- The investment grows in a tax shelter as long as it stays within the plan.
- Contributions can be made to the plan for 21 years after its creation, and the plan can exist for 25 years after it has been established.
- The beneficiary must have a Social Insurance Number and be a Canadian resident to be eligible for the plan.

Beneficiary

- Individual plan: one person and it can be anyone.
- Family plan: beneficiaries must be related by blood or adoption to the subscriber.

Contributions

- In lump-sum amounts (\$100 min.) or in periodic payments (\$25 min. per contract and \$10 min. per beneficiary).
- No obligation to make a minimum contribution every year.
- Annual limit of \$4,000 up to a cumulative limit of \$42,000, per beneficiary.
- Subscribers own the contributions.

Canada Education Savings Grant (CESG)

- 20% of the first \$2,000 of annual contributions made per beneficiary, up to a maximum of \$400 per year (\$800 when unused rights are used).
- The cumulative lifetime limit per beneficiary is \$7,200 (\$400 X 18 years).
- Eligibility: aged 17 years old or less (conditions apply for beneficiaries aged 16 and 17).
- The sponsor—the Company—applies to the government for the grant and invests it in the plan.



Investment

- All Ecoflex product investment options are available except the Select Canadian Fund and the PGA.
- There is no foreign content limit.
- The contributions and the grant (CESG) are invested in the contract.
- The My Education RESP includes a guarantee at maturity or at death.

Taxes

- As with CESGs, accumulated returns are not taxable until these amounts have been transferred to the beneficiary.
- Contributions are not tax deductible and can be withdrawn tax-free.

Educational Assistance Payments (EAPs)

- An EAP consists of the payment of investment income and the CESG to the beneficiary.
- Maximum of \$5,000 during the first 13 weeks.
- If the designated beneficiary does not pursue a post-secondary education, another beneficiary may be designated or the accumulated investment income may be transferred to the RRSP of the subscriber or the subscriber's spouse, up to a maximum of \$50,000 subject to certain conditions.

RESP Loan

- The RESP Loan is recommended to maximize the CESG, especially when a child is older and is on the verge of pursuing high school studies (age 12 and over).
- Reimbursable at any time and due and payable at the end of the contract.
- Minimum loan of \$500 per request and a maximum of \$4,000 per beneficiary per year.
- The maximum loan corresponds to 100% of the RESP contribution amount. The initial loan ratio is limited to 50% (loan/total value of the contributions including the loan) and 75% thereafter. This means that the loan balance can increase to up to 75% of the total value of the contributions before a reimbursement is required by the company.
- The interest rate is equal to the preferred rate + 0.75%.