



Top Questions Parents Ask About SmartSAVER, RESPs, and the Canada Learning Bond

Abbreviations:

- **RESP:** Registered Education Savings Plan
- **CESG:** Canada Education Savings Grant
- **CLB:** Canada Learning Bond
- **SIN:** Social Insurance Number

PART I: Applying

1. How much does SmartSAVER charge families to use the online application at SmartSAVER.org?

There is no cost to use any of SmartSAVER's tools, including the online RESP starter and CLB application on SmartSAVER.org

2. Does a family require a bank account with one of SmartSAVER's partnering financial institutions before opening their RESP account?

No. SmartSAVER has teamed up with 6 financial Institutions including BMO, Meridian Credit Union, RBC Royal Bank, Scotiabank, TD Canada Trust and Vancity, that will help applicants get an RESP started without a pre-existing account, and for \$0. That means no enrolment fee, no annual fee and no contribution required.

3. How does a family choose the right financial institution for the best return on their investment?

An RESP is an important investment in a child's future and every parent's investment knowledge and tolerance for risk is different so first, a family should choose a financial institution that they feel comfortable dealing with and trust. Different financial institutions offer different investment options from Guaranteed Investment Certificates (GICs), to fully self-directed investing plans. A family should decide on the type of investment option that best suits their needs, and choose a provider that can offer it to them. While all of the financial institutions that SmartSAVER partners with offer an RESP that can be started with \$0, there may be fees or contributions required if a family chooses a different RESP product or investment.

4. What if a family has three kids but only two of them were born in 2004 or later?

A family can open RESPs for all three of their children even if some were born prior to the Canada Learning Bond eligibility date (born in 2004 or later). All three



children will be eligible for the government's matching grant, the Canada Education Savings Grant, if the family makes contributions into the RESPs. Only the children born 2004 or later will be eligible to receive the CLB funds.

5. Can someone with refugee status apply for the CLB?

As long as both parent and child have their Social Insurance Numbers (SIN), they can open an RESP to apply for the CLB. This includes individuals with temporary Social Insurance Numbers that begin with "9", like those issued to temporary workers who are not yet Canadian citizens or permanent residents, and can include refugee claimants, foreign workers and students. If a parent's temporary social insurance number is not renewed, the parent can withdraw their own contributions from the RESP, but any federal grants (Canada Education Savings Grant, Canada Learning Bond) will be returned to the government. To be eligible to receive the Canada Learning Bond, a family's income must qualify them to receive the National Child Benefit Supplement.

Part II: Application Submitted

6. How long does it take for the CLB money to be deposited into the RESP?

It typically takes up to 65 days for the Federal Government to deposit the money into the RESP account after the application has been submitted by the financial institution.

7. What happens if the child is not eligible for the CLB? Will the family be notified?

No, the family will not be notified if their child(ren) is not eligible for the CLB. If they don't see it appear on their RESP statement, they should ask their financial institution. Families can also call the Canada Education Savings Program hotline at 1-888-276-3624 to inquire.

8. How does the government know when and where to deposit the CLB and the CESG?

Families should make sure that they complete the applications for the CLB and Basic and Additional CESG when they open an RESP with their financial institution. (These are all completed when families use SmartSAVER's online application.) It is the institution's responsibility to submit all of the required documentation to the government. The government will verify the family's income eligibility* and will deposit any approved grants into the RESP account.

The government commits to deposit any CLB and CESG approved directly into the RESP account within 65 days of receiving the application. Parents should check their RESP statements to make sure that the grants are deposited.



Parents should contact their RESP provider if they do not see the deposits on their statement in order to make sure that all documentation has been sent to the government. If it has been sent but there is a delay, parents can call the Canada Education Savings Program Hotline at 1-888-276-3624 to inquire.

*Income eligibility for grants is re-checked each year.

Part III: At the Financial Institution

9. What if a financial institution tells a family that they are required to make a financial contribution in order to open an RESP or to receive the CLB?

Some RESP providers require a financial contribution to open an RESP. The financial institutions that partner with SmartSAVER do not require a contribution, but even so, branch staff might ask a family if they would like to make a contribution or may not have experience opening an RESP with no contribution. If a family doesn't want to make a contribution, they should say so and can refer to their provider's own **flyer** for more information.

Part IV: Accessing the funds

10. How much does the family have to contribute to keep the RESP open?

With the financial institutions that partner with SmartSAVER, no contribution is ever required to open or keep the RESP open... ever!

11. How does a financial institution pay out RESP funds when the child is ready to attend a post-secondary program?

An RESP is made up of two parts:

- a. the family's own contributions; and
- b. the government's contributions (the Canada Learning Bond and Canada Education Savings Grant) along with any additional income generated by the account.

Once a child is enrolled in a qualifying educational program, the RESP's subscriber (typically the parent or caregiver who opened the RESP) can withdraw any family contributions from the RESP tax-free, and without impacting any

grants that they received. The subscriber can ask that the child be issued an Educational Assistance Payment (from the government's contributions and income in the account). The subscriber will be asked to provide proof of the child's enrollment in a qualifying educational program.

Note: Some RESP providers restrict when subscribers can request payments and the type of educational programs that qualify. Families should check for restrictions before they start an RESP or contact their RESP provider for more information.

12. How and when can a parent get their contributions out of an RESP?

Families can withdraw their own contributions from an RESP at any time, but any CESG grants that were matched to those contributions must be returned to the government. The CLB is not affected by a withdrawal.

13. What if the child decides not to pursue post-secondary education after high school?

First, there's no hurry. Some financial institutions have time limits to begin using the money after high-school graduation, but RESPs can remain open for up to 36 years after the date they were first opened. This offers children plenty of time to consider attending post-secondary education. If after so many years, the child definitely decides not to continue in a qualifying education program, then any CESG can be shared with a sibling. The Canada Learning Bond will be returned to the government. Personal contributions may be withdrawn from the RESP without tax, but any interest or growth on savings is subject to tax. This growth may be transferred tax-free to an RRSP, or contributed to a post-secondary institution.

14. Can money in the RESP be transferred between siblings?

In an **individual plan**, a family may have the option of naming another beneficiary. Some rules may apply, and so families should ask their provider for details.

In a **family plan**, a family can use the earnings and federal and provincial grants to pay for the education of another child under the plan. The Canada Learning Bond is not transferable.

Families should check with their **group plan** to find out if they can transfer the plan to another beneficiary without incurring any fees.

Part IV: RESP Essentials

15. What if a family is not eligible for the CLB now, but was eligible a couple of years ago?

A child's entitlement to the CLB is tracked and is **paid out retroactively** once an RESP is opened. If a family is not eligible now, but could have been in the past - or may be in the future - then they should open an RESP and apply for the CLB.

16. How does a family change their financial institution?

If a family decides to transfer their RESP from one institution to another they should start by opening an RESP account with their new institution and asking them to apply for the transfer. Many financial institutions charge a fee to transfer an account to another provider.

17. What's the difference between a Group Plan and an Individual or Family Plan?

Groups plans usually best suit families that are able to commit to a consistent savings schedule (for instance, monthly contributions). Families who don't want to or who can't contribute to an RESP on a regular basis may prefer an individual or family plan that allows for more flexible savings.

18. What if a family already has an RESP for their child but doesn't know if they are receiving the CLB?

If a family meets the eligibility criteria for the CLB, they should check their RESP account statement that shows what grants they are already receiving. If it doesn't look like the family is receiving all of the grants that they should be, or if the family doesn't have a statement, they should contact their financial institution or call the Canada Education Savings Program Hotline at 1-888-276-3624 to inquire.

Note: An education savings plan cannot be registered as an RESP unless the family has provided Social Insurance Numbers for both the parent and child. A child will not receive any government grants that they are entitled to if the plan is not registered.

19. What can a family do if they've forgotten what financial institution they're using?

They can call the Canada Education Savings Program Hotline at 1-888-276-3624 to discuss their RESP account with a federal government representative. They will need to provide their own and their child's Social Insurance Numbers to access information.

20. What can a family do if they're finding it difficult to make required monthly contributions to their RESP?

If a family committed to making monthly RESP contributions and can no longer do that, they should contact their RESP provider immediately. Depending on the

provider and the plan, there may be different options to stop regular contributions. In an individual or family plan, they may be able to just stop and re-start again in the future. In a group plan, they may be able to suspend contributions for a while, reduce the number of units they're purchasing, or switch to a more flexible individual or family plan. What they shouldn't do: Stop payment, cancel the plan or transfer the plan until they've talked to their provider to discuss all of their options. Any of these actions could cost the family more in fees or cause them to lose contributions or grants.



21. Does opening an RESP and receiving the CLB have an impact on student assistance program grants (like OSAP)?

Having RESP savings will affect students' need for financial assistance and may impact the amount of loan or grant a student accesses.