

***"If your plan is for a year, plant rice. If your plan is for a decade, plant trees. If your plan is for a lifetime, educate children."* – Confucius**

Did you know you can open a **Registered Education Savings Plan (RESP)** AND get **free money** for your child(ren) who were born after December 31 2003 – even if you don't have any money right now?

Why open an RESP for your child?

- Studies show that your children more likely to go to post-secondary education if they have even just some of the necessary funds.
- Access to Canada Education Savings Grants and the **Canada Learning Bond** makes saving for a children's education easier for lower-income families.
- New rules that apply to RESPS are more flexible, so that children have more options for post secondary education and training.
- It costs nothing to open an RESP, so it's a great way to plan for the future even in times of economic hardship.
- Opening an RESP is easy, and it's a great way to show your children how much you value education and their future success!

See how easy it is to open an RESP - watch this video: <http://www.smartsaver.org/resp.shtml>

Benefits of an RESP

- Personal deposits grow with interest (compounding). The interest is tax-deferred, which means tax is assessed when withdrawn by the beneficiary (student).
 - This usually means little to no tax is paid because the beneficiary's income is generally below the Basic Personal Exemption (taxable income) prior to going to post-secondary school.
- And... the RESP may be eligible for special deposits from the Government of Canada for those who qualify:
 - **The CLB – Canada Learning Bond – FREE MONEY**
 - **The CESG – Canada Education Savings Grant – Based on your deposits.**

Still not sure? Here are some answers to frequently asked questions.

- Q: What if I don't have any money at all – can I still open an RESP?
 - A: Yes. You do not need to have any money to open an RESP.
- **Does having an RESP account affect social assistance such as Ontario Works or ODSP?**
 - **A: No. In Ontario, the RESP account will be considered solely as savings for the child's education and not as a family.**
- Q: What happens if the parents (subscribers) of the RESP separate?
 - A: The primary caregiver - the one receiving the child tax benefit (NCBS) cheque - after separation is considered the subscriber.

IS THIS YOU?? "I'm too broke right now to open an RESP for my child(ren)...."

- **On a fixed income?**
- **Working, but barely making ends meet?**
- **Are you recently separated, with custody of the kids?**

You can get free money for your children's RESP right now! Even if you have no money!

How do I get this FREE MONEY for my child's RESP?

If your net family income (after taxes) was \$44,701.00 or less in 2015 and you receive the **National Child Benefit Supplement**, your child is eligible for the Canada Learning Bond. When you open an RESP at a Financial Institution (bank, eg.) for your child, the bank will apply for the Canada Learning Bond on your behalf. You will get \$500.00 for the first year and \$100.00 every year after that that your family income level is eligible until your child turns 15. That's a possible **\$2000.00 in free money! Per eligible child!**

All 5 major banks offer a **no-fee, no minimum deposit RESP**. This means you *do not* have to use any of your own money to open an RESP. You do not even have to have a bank account with that bank!

All you need to open an RESP for your child is two (2) pieces of identification (ID) for yourself as well as your child's Birth Certificate and Social Insurance Number (SIN). If you open a RESP where you bank, your ID will already be on file so you would just need to bring your bank card and child's Birth Certificate and SIN.

No SIN for your child? You can get one free from any Service Canada office. All you need is your ID and your child's Birth Certificate. If you go in person to the Service Canada office, you will be issued a SIN on the spot. You can also apply online at: www.servicecanada.gc.ca

You must file your income tax every year – your income determines your child's eligibility.

What About Schools?

- Q: What kinds of post-secondary programs can my children attend?
- A: Any qualified educational program including: university, college, apprenticeships or trade school.
 - A qualified educational program is one that lasts at least three weeks in a row with at least 10 hours of instruction or work per week. If your child studies outside of Canada, the program must be at least 13 weeks in length (one term). **There are lots of options!**
- Q: What if my child doesn't want to go to post-secondary after high school?
- A: Wait awhile – your child may decide to continue studying later. RESP accounts can remain open for up to **36 years**.
 - You may also: transfer the money to the account of a brother or sister, transfer the funds into an RRSP or withdraw your contribution.
 - If you withdraw or close the RESP, you will have to return the CLB, and there will be taxes to pay – check with your RESP provider for details. **YOU WILL NOT LOSE YOUR MONEY!**

Three Types of RESPs

- **Individual:** Only one "beneficiary" (student) is named on the RESP. This person does not have to be related to you. You can even open one for yourself.
- **Family:** More than one child can be in the same RESP. The children must be related to you (child, grandchild, adopted child, brother, sister). If eligible, each child will get the CLB and the CESG.
- **Group Plan:** You can only name one child. The child does not have to be related to you.
 - Group Plans invest your money with other, unrelated people. Each Group Plan is different, and we urge you to make sure you know all the details about how your money is invested. Group Plans usually have fees. Talk to your RESP provider or check out: www.smartsaver.org

RRHC recommends that you open an RESP at a financial institution that offers a no-fee, no minimum deposit RESP. If you like where you bank, stop in, ask for details and make an appt. **Take this fact sheet with you!**

There is more great information on this website: <http://www.smartsaver.org>

2016

Rural Response for Healthy Children, Box 687, Clinton, ON ~ 519-482-8777 or mail@rrhc.on.ca