



# Registered Education Savings Plans and the Canada education savings incentives

October 2018

# Overview

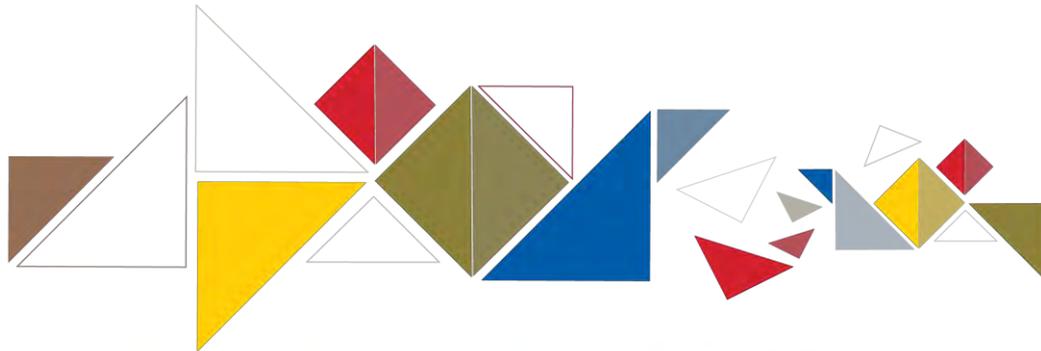
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- Canada's Poverty Reduction Strategy is seeking to reduce poverty by 20% by 2020 and by 30% by 2030.
- Education is one element of breaking the cycle of poverty.
  - The Government of Canada encourages the use of Registered Education Savings Plans (RESP) to save for a child's post-secondary education (PSE).
  - RESPs are the only savings vehicle that attract education savings incentives to help build savings.
- You can play a role in helping to increase knowledge and understanding of the benefits of early savings in RESPs; particularly, amongst those that could benefit the most from this information.



# Registered Education Savings Plan (RESP)

- **An RESP is a savings account that can:**
  - help put money aside for a child's post-secondary education;
  - allow savings for a child's future studies to grow tax-free, until it is withdrawn for post-secondary education;
  - not only be used to help with the costs of tuition, but also housing, transportation, and other education-related expenses (e.g., textbooks, equipment, supplies, etc.); and
  - attract federal and where applicable, provincial education savings incentives.



# What are the Government of Canada's education savings incentives?

## The Canada Learning Bond (CLB)

Through the Canada Learning Bond, the Government will add money to an RESP for an eligible child every year, even if no personal contributions are made.

Available to eligible children from low-income families born in 2004 or later. It provides:

- an **initial payment of \$500 into an RESP**, as well as **additional payments of \$100 for each year** of eligibility, up to age 15, for a **maximum of \$2,000**.
- **No annual personal contributions are required** to receive the CLB.
- It is the **primary caregiver** (PCG) or, as of January 2018, their cohabiting spouse or common-law partner, who must request the CLB on behalf of an eligible child.
- Eligible beneficiaries can request unclaimed CLB entitlements between the ages of 18 and 20.
- The CLB is retroactive: when an RESP is opened and the CLB is requested, all years of past eligibility are assessed and paid into the RESP.

### Eligibility

- Born on or after January 1, 2004
- A resident of Canada
- Have a valid Social Insurance Number (SIN)
- Named as a beneficiary to an RESP
- Be from a low-income family\*

### Accepted PSE institutions

- University
- College
- Trade School
- Apprenticeship
- CEGEP
- Other

### Acceptable expenses:

Tuition, lodging, transportation, books, etc.

\*Beginning July 1, 2017, eligibility for the Canada Learning Bond is based, in part, on the number of qualified children and the adjusted income of the primary caregiver, which includes the income of their cohabiting spouse or common-law partner.

# What are the Government of Canada's education savings incentives?

## The Canada Education Savings Grant (CESG)

Consists of **20% amount of grant on the first \$2,500** in annual personal contributions to an RESP, **for a maximum of \$500 per year**, which is available to all eligible children regardless of family income, and an additional amount of CESG, which provides:

- **10% on the first \$500 of annual personal contributions** for children from families with an adjusted income between \$46,605 and \$93,208; or,
- **20% on the first \$500 of annual personal contributions** for children from families with an adjusted income of \$46,605 or less.

The maximum lifetime amount of CESG, including the additional amount of grant, is **\$7,200**

### Eligibility

- Up to 17 years of age;
- A resident of Canada;
- Have a valid Social Insurance Number (SIN);
- Named as a beneficiary to an RESP; and,
- Have a contribution made to an RESP on their behalf.

### Accepted PSE institutions

- University
- College
- Apprenticeship
- Trade School
- CEGEP
- Other

### Acceptable expenses:

Tuition, lodging, transportation, books, etc.

2018 is the  
20<sup>th</sup> Anniversary  
of the CESG

# Process to sign-up

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To apply for the CLB on behalf of a child, a primary caregiver will need:

- Social Insurance Number (SIN) for themselves; and
- SIN for the child.

There is no fee to get a SIN from Service Canada, but they will need to provide certain documents, such as a birth certificate or permanent resident card.

They must open an RESP, through an RESP provider, before applying for the CLB on behalf of a child.

Once the application is approved, the Government of Canada will directly deposit the CLB into the RESP for every year of eligibility.

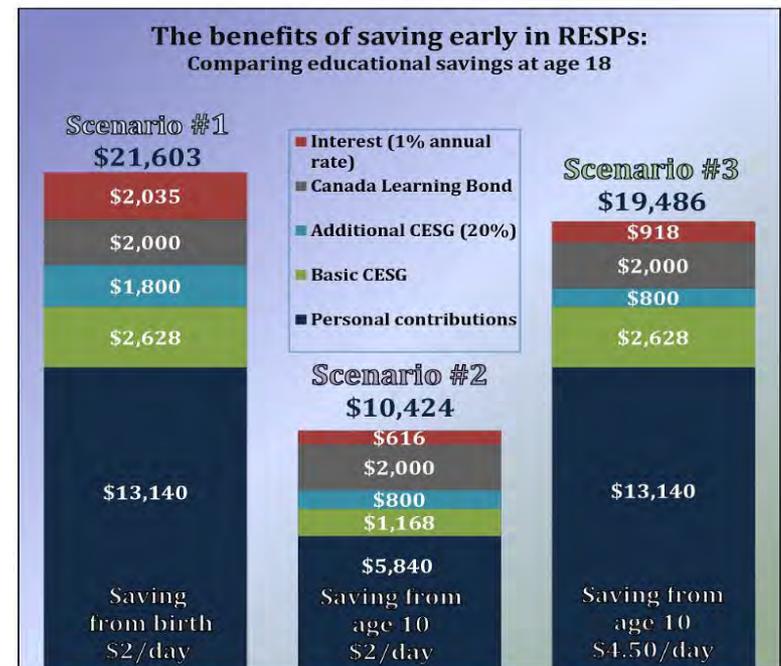


# A case for education savings

Asset building (savings) from an early age can reinforce, or even create, expectations and aspirations for PSE, leading to increased focus on planning and preparing for PSE and, ultimately, to greater access to financing and attending PSE.

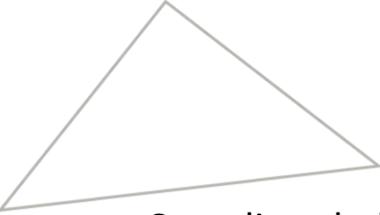
- Students from low- and middle-income families are half as likely to attend university as those from high-income families, perpetuating a cycle of lack of education tied to low-income levels.  
(Finnie, Mueller and Wismer, 2012)
- Children who are the beneficiaries of RESP savings are more likely to go to university. There is a 5.9% difference in post-secondary enrolment of children with, and without, education savings.  
(Marc Frenette, Statistics Canada, 2017)

Lesson learned: the earlier the savings, the greater the ability to maximize the incentives and accumulate earnings. It really pays to start saving early for PSE!



(Note: provincial incentives are not included in these scenarios)





# 2017 Annual Statistical Report

- Canadians held a total of \$55.9 billion in RESP assets in 2017:
  - **\$4.67 billion was contributed by Canadians into RESP accounts in 2017;**
  - **Of note, over a 10-year period, there has been a 246% increase in education savings incentives paid out to children from low- and middle-income families**
- In 2017, 622,700 children received \$155 million in CLB.
- Cumulative personal contributions made to RESP accounts of CLB beneficiaries were \$6.24 billion in 2017.
- \$3.80 billion was withdrawn from RESP accounts to help finance the post-secondary education for more than 431,009 students.
- In the Northwest Territory:
  - **As of December 2017, the participation rate of CLB in the Northwest Territory (11.5 %) was below the national participation rate (36.5 %);**
  - **Also as of December 2017, cumulative CLB payments reached approximately \$0.48 million in the Northwest Territory;**
  - **In 2017, cumulative CLB payments reached \$1,011.43 million. Cumulative number of children eligible, not receiving the CLB was 4,777 in the Northwest Territory.**



# ESDC's outreach approach to promote education savings

## **COMMUNICATION TOOLS AND RESOURCES**

- Online Presence ([canada.ca](http://canada.ca))
- Informational & promotional products
- Brochures & factsheets

## **DIRECT MAILINGS TO CANADIANS**

- Quarterly mailings to inform new primary caregivers of their child's eligibility for the CLB

## **COLLABORATIVE OUTREACH**

- CLB Champions' Network
  - Non-Governmental Organizations
  - Community Service Providers
  - RESP Promoters
  - P/T Governments

## **EDUCATION SAVINGS WEEK ACTIVITIES**

- Outreach through social media and in coordination with key partners and stakeholders

# How can you be involved?

## Join the CLB Champions' Network

- The CLB Champions' Network is a network of non-governmental organizations, community services providers, financial institutions, philanthropic organizations, and all levels of government working to raise awareness, understanding, and take-up of the CLB among low-income families.
- The following is just a sample of the members of the CLB Champions' Network:



# How can you be involved?

## Participate in Education Savings Week

- A community-led initiative during which various communication activities and events are undertaken with an aim to increase awareness and understanding of the benefits of saving early for a child's post-secondary education using RESPs, particularly for children from low- and middle-income families.
- Education Savings Week coincides with:
  - Financial Literacy Month (November);
  - National Child Day (November 20th); and
  - Financial Planning Week.

**SAVE FOR THEIR FUTURE**  
Open a *Registered Education Savings Plan*

**WHAT IS AN RESP?**  
An RESP is a tax-sheltered education savings account registered for you with the Government of Canada.

*With an RESP, you may be able to receive other saving incentives:*

- CANADA EDUCATION SAVINGS GRANT (CESG)
- ADDITIONAL CESG
- CANADA LEARNING BOND
- VARIOUS PROVINCIAL INCENTIVES

*With the CESG you get at least 20 cents on every dollar you contribute* **up to \$500 /year** | **70%** of jobs will require a post-secondary education

**The sooner you start saving, the more money your child will have for the future.**

*For more information, visit*  
[CanLearn.ca/EduSaveWeek](http://CanLearn.ca/EduSaveWeek)

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Employment and Social Development Canada

**Canada**

# How we can help you?

## Tools, Resources and Information Products:

- Promotional products can be distributed at events, shared online and social media or displayed at your local office.
- Additional tools and resources to help promote the CLB and CESG are available or can developed in collaboration with Canada Education Savings Program Outreach Team.



<https://www.youtube.com/watch?v=scp9z02-kD8>



<https://www.youtube.com/watch?v=Y8zM3FvXOow>



# How we can help you?

## Tools, Resources and Information Products:

The Government of Canada's **online portal** provides information and resources on education savings via <http://Canada.Ca/education-savings>



**Open Government Portal**, access the latest data on eligibility and take-up rates in your community:

<https://open.canada.ca/data/en/dataset>

**Education Savings Incentives Resource Page** provides a networking and information sharing platform via <https://gccollab.ca/groups/profile/95754/>



# What would be the next steps?

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Review [canada.ca/education-savings](https://canada.ca/education-savings)



Join the CLB Champions' Network



Sign up to GC Collab

<https://gccollab.ca/groups/profile/95754/>

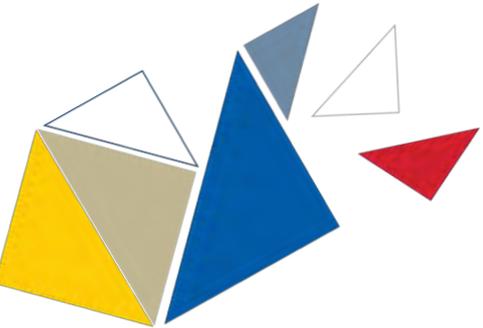


Contact us to learn more and request an onboarding kit.

[CESP-PCEE-OUTREACH-SENSIBILISATION@hrsdcc-rhdcc.gc.ca](mailto:CESP-PCEE-OUTREACH-SENSIBILISATION@hrsdcc.rhdcc.gc.ca)





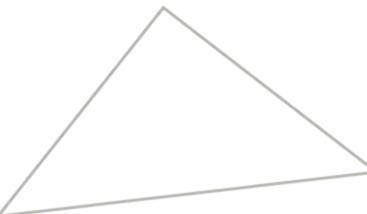


# Contact Us

## **Outreach mailbox**

[CESP-PCEE-OUTREACH-SENSIBILISATION@hrsdcc.gc.ca](mailto:CESP-PCEE-OUTREACH-SENSIBILISATION@hrsdcc.gc.ca)

## For more information on the CLB and CESG



### **Visit:**

[canada.ca/education-savings](http://canada.ca/education-savings)

### **Or Call:**

1 800 O-Canada (1-800-622-6232)

TTY: 1-800-926-9105

