**RESP**

**Tax Tips**

Start early and contribute $2,500 per year to RESP for your child’s future. The government will match 20% of your contribution ($500 grant per year up to a lifetime maximum of $7,200) to the plan to help finance your child’s post-secondary education. Unused grant room can be carried forward in which up to $1,000 grant per year may be matched by the government.

To receive the maximum lifetime grant of $7,200, you must begin contribution in the year in which the child turns 10. This is possible because the government will match 20% of your contribution of up to $1,000 per year for any unused grant amounts. This can be done by making seven annual contributions of $5,000 and a final contribution of $1,000 over an eight-year period ($36,000 X 20% = $7,200).

Note that the lifetime contribution by a parent to a RESP for each child is $50,000. Excess contribution is subject to 1% tax.

You can apply for a RESP at your bank, financial institution, a certified financial planner, or one of the “RESP providers”.

**Definition**

RESP (Registered Education Savings Plan) is a fund set up to assist the child’s post-secondary education fees. Funds are provided by the parents in a trust to accumulate investment income that will eventually be used for higher education of the child.

Under the Canada Education Savings Grants (CESG), the federal government provides a grant of 20% per year of the first $2,500 of annual RESP contributions. Maximum lifetime grant of $7,200 could be received by the child (beneficiary). Family income of $87,907 or less may be entitled to additional grant. Contributions must be made before the end of the calendar year the child turns 17 for grants to be received.