

RESP Withdrawal Rules & Limits

You've worked hard to contribute to your **Registered Education Savings Plan (RESP)** and to save money for your child's educational journey. However, they're all grown up now and you're ready to start making withdrawals. Before your beneficiaries reap the rewards of your savings, we recommend reviewing all the rules and limits around RESP withdrawals to help you make the most of your RESP funds.

The rules surrounding RESP withdrawals and limits can be complicated, but they don't have to be. Our guide will help you understand when you can make an RESP withdrawal, how to make an RESP withdrawal, and how RESP withdrawals can be used.

Using your RESP funds

You can start withdrawing funds from your RESP for educational purposes as soon as your child has graduated high school and has officially enrolled in a qualifying post-secondary educational institution.

Funds can be withdrawn from an RESP to help pay for **any** education-related costs associated with full-time or part-time enrollment in qualifying **post-secondary educational institutions**. This includes programs offered by universities, community colleges, trade schools, vocational schools, technical schools, religious schools, CEGEPs, as well as distance learning or correspondence learning institutions.

View a list of RESP qualifying post-secondary educational institutions to see if your institution qualifies.



How to withdraw from an RESP

Understanding how RESP withdrawals work can help you get the most of your RESP savings. To start you down the right path, we're going to simplify some of the RESP jargon for you, starting with four key concepts.

- The **Subscriber** is the person who sets up the RESP and the only person who can contribute to or withdraw from the plan.
- The **Beneficiary** is the person whom the RESP is for.

To make an RESP withdrawal, the subscriber must provide proof of enrollment of the beneficiary as either a part- or full-time student, in a qualifying post-secondary educational institution.

There are two types of educational withdrawals:

- The **Post-Secondary Education (PSE)** withdrawals are withdrawals of the contributions made by the subscriber.
- An **Education Assistance Payment (EAP)** is a withdrawal of the investment earnings and the government grant portions of the RESP, which can only be paid to the beneficiary. All funds contributed by government programs like the Canada Education Savings Grant (CESG) and the Canada Learning Bond (CLB), and provincial grants/incentives (including the Quebec Education Savings Incentive and the British Columbia Training & Education Savings Grant), along with any investment income that was earned inside of the RESP, are designated as the EAP portion of your RESP.

How are RESP withdrawals taxed?

Now that you understand there are two types of RESP withdrawals for educational purposes (PSE and EAP), you're ready to understand how they are taxed differently.

Withdrawals of PSE are not taxable.

You do not get a tax deduction when you contribute to an RESP and so taxes have already been paid on the money you contribute directly to the RESP, meaning this money can be withdrawn tax-free.

Withdrawals of EAP are treated as taxable income in the hands of the student.

Most students have enough tuition and education tax credits (and a low enough income) that they will likely pay very little or no income tax as a result of RESP withdrawals.

If the student is expecting to pay income tax that year, it may be beneficial to set money aside to pay the tax bill the following year.

What is the maximum RESP withdrawal amount?

There is no limit on the amount of PSE contributions that can be withdrawn.

EAP withdrawals have a \$8,000 limit (or \$4,000 if the student is enrolled part-time) during the first 13 weeks of schooling. Once the 13 weeks have passed, any amount of EAP can be withdrawn.

What if the beneficiary does not continue his or her education after high school?

If the beneficiary does not pursue post-secondary education, there may be other options other than closing the plan. To fully understand your options, visit the **Canada Revenue Agency (CRA) guide on using your RESP funds**.

We're here to help

A TD Personal Banker will work with you to understand your goals and develop an RESP withdrawal strategy that helps you make the most of your savings.

Book an appointment to get started.

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