

RESP FAST FACTS

A Registered Education Savings Plan (RESP) can be an excellent way to save for your child's education. The following lists some of the benefits.

- ❁ Contributions made to an RESP grow tax free until a child is ready for post-secondary education, up to a maximum of \$50,000 over the life of the plan.
 - ❁ RESPs are eligible for the Canada Education Savings Grant (CESG). The Canadian government will match the amount contributed to an RESP, to a maximum of \$500 per year until January of the year the beneficiary turns 18. Other restrictions may apply to beneficiaries ages 16 and 17.
 - ❁ Withdrawals from the plan are referred to as Educational Assistance Payments (EAPs), and can only be used for tuition, residence and other post-secondary education expenses. An EAP consists of earnings on contributions, earnings on the CESG and the CESG itself. EAPs are taxed in the hands of the beneficiary, and since students typically have little income, they pay little or no tax.
- The Canadian government also provides additional
- ❁ opportunities for modest income families, including the Canada Learning Bond – a \$500 grant at birth and additional CESG matching – up to 40% on the first \$500 contributed to an RESP.
- ❁ If the beneficiary decides not to pursue a post-secondary education, you may transfer up to \$50,000 of the earned income into your, or your spouse's, Registered Retirement Savings Plan (provided you have room). The CESG must be returned to the government; however, the interest earned remains with the subscriber. Certain conditions must be met.
 - ❁ Residents of Alberta may be eligible for a \$500 RESP contribution at birth plus \$100 contributions at ages eight, 11 and 14 through the Alberta Centennial Education Savings program (ACES).
 - ❁ RESPs offer many advantages over Scholarship Trusts, including more diversified investment options, increased flexibility, portability and fewer restrictions.

What are you doing after work?®



Please speak with your financial advisor for more information.



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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated.