



One focus, many solutions.

WHY RESPs DESERVE A LOT OF R-E-S-P-E-C-T

Presented by: Jim Wanamaker | **Moderated by:** Bruce Sellery

Meet your moderator

Bruce Sellery



Founder of Moolala (*a personal finance training company*)



Why RESPs Deserve a lot of R-E-S-P-E-C-T

Meet your subject matter expert

Jim Wanamaker



Financial Planner – CFP, B. Comm, BA
Educators Financial Group



Why RESPs Deserve a lot of R-E-S-P-E-C-T

About the webinar



Will I be able to get a copy of the slides after the webinar?



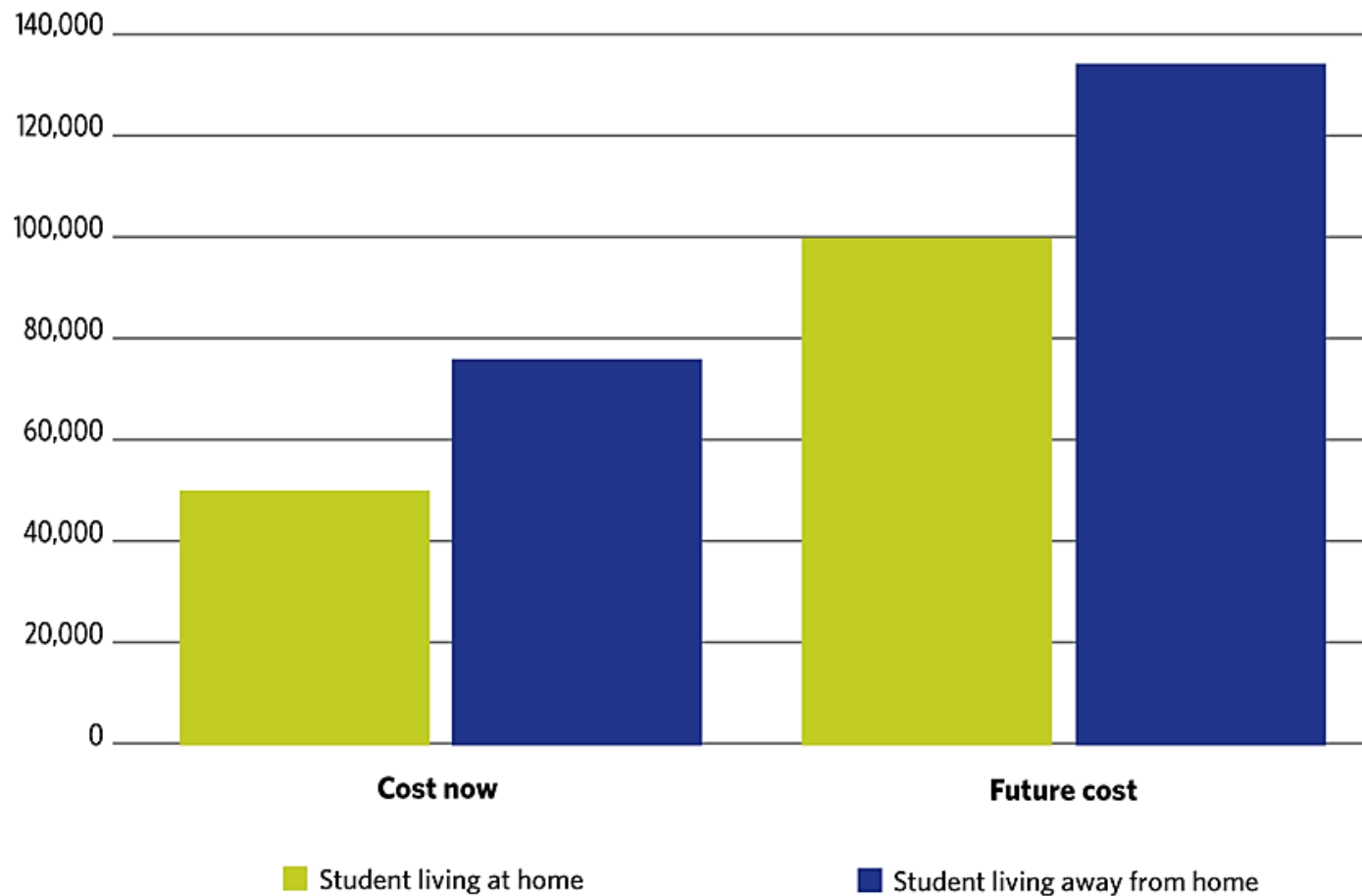
Is this webinar being taped so it can be viewed afterwards?

Tonight's R-E-S-P agenda

- ➔ Cost of education
- ➔ RESP basics
- ➔ CESG: additional 20% return!
- ➔ Other savings options
- ➔ What happens if they decide not to pursue post-secondary education
- ➔ Wrap up



Cost of education



Source: HRSDC Statistics Canada

Why RESPs Deserve a lot of R-E-S-P-E-C-T

RESP basics

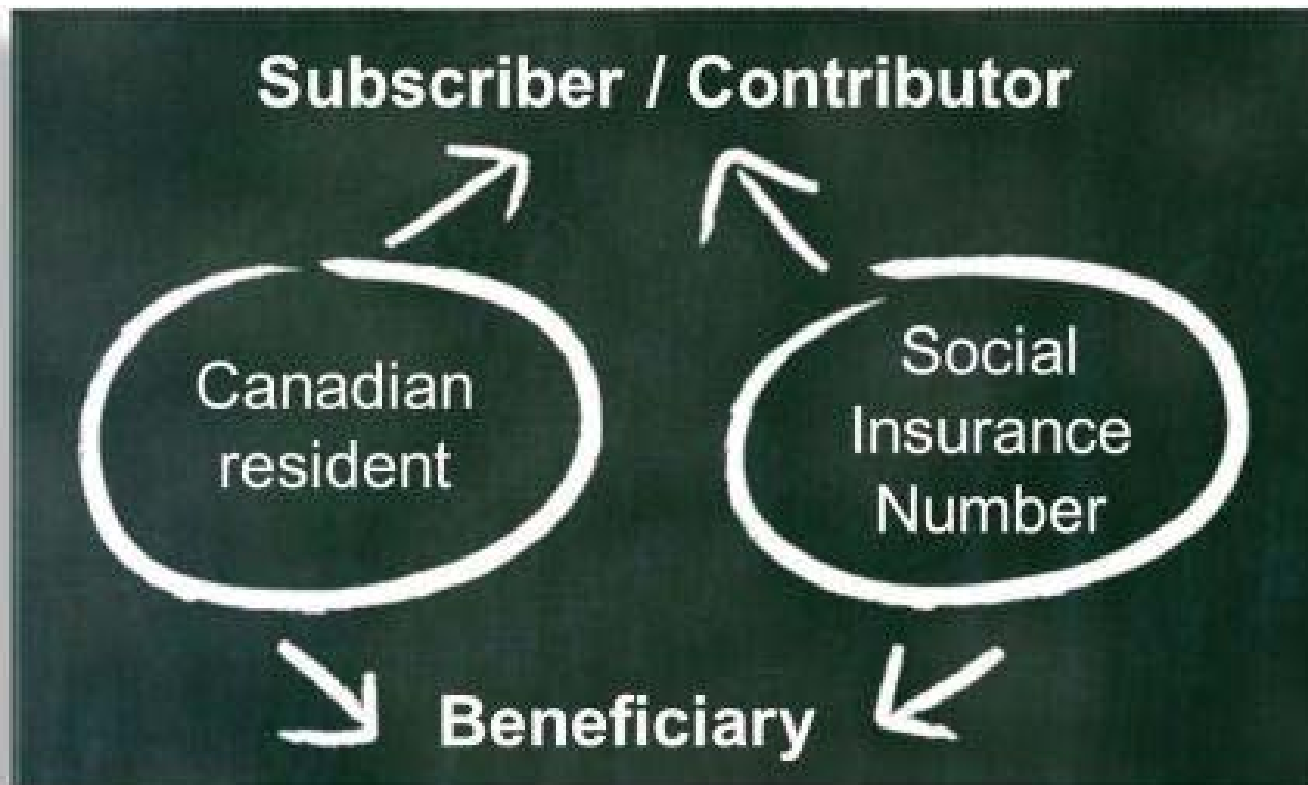
So, what exactly is an RESP?

- Savings account for post-secondary education
- Basket to hold investments
- Tax shelter
- Attracts CESG
(*Canada Education Savings Grant*)



Misconception

Only parents can contribute: this is FALSE



Subscriber vs. contributor

Subscriber	Contributor
Canadian resident and SIN	Canadian resident and SIN
RESP account holder	No requirement to be an account holder
Controls RESP	No control over RESP



RESP contributions

Here's what you need to know:

- After-tax dollars
- Last day for contributions:
December 31st
- Contributions are returnable to subscriber



Beneficiary entitlements

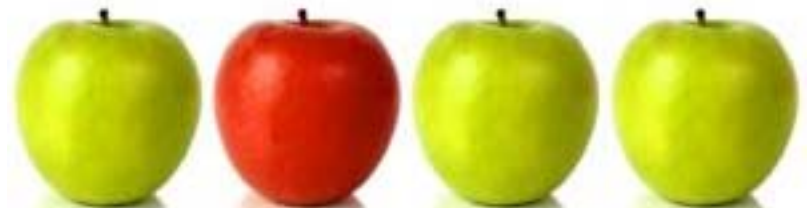
What the RESP recipient is entitled to:

- Lifetime RESP contribution room: **\$50,000**
- CESG lifetime: **\$7,200**
- RESP money for education expenses **only**



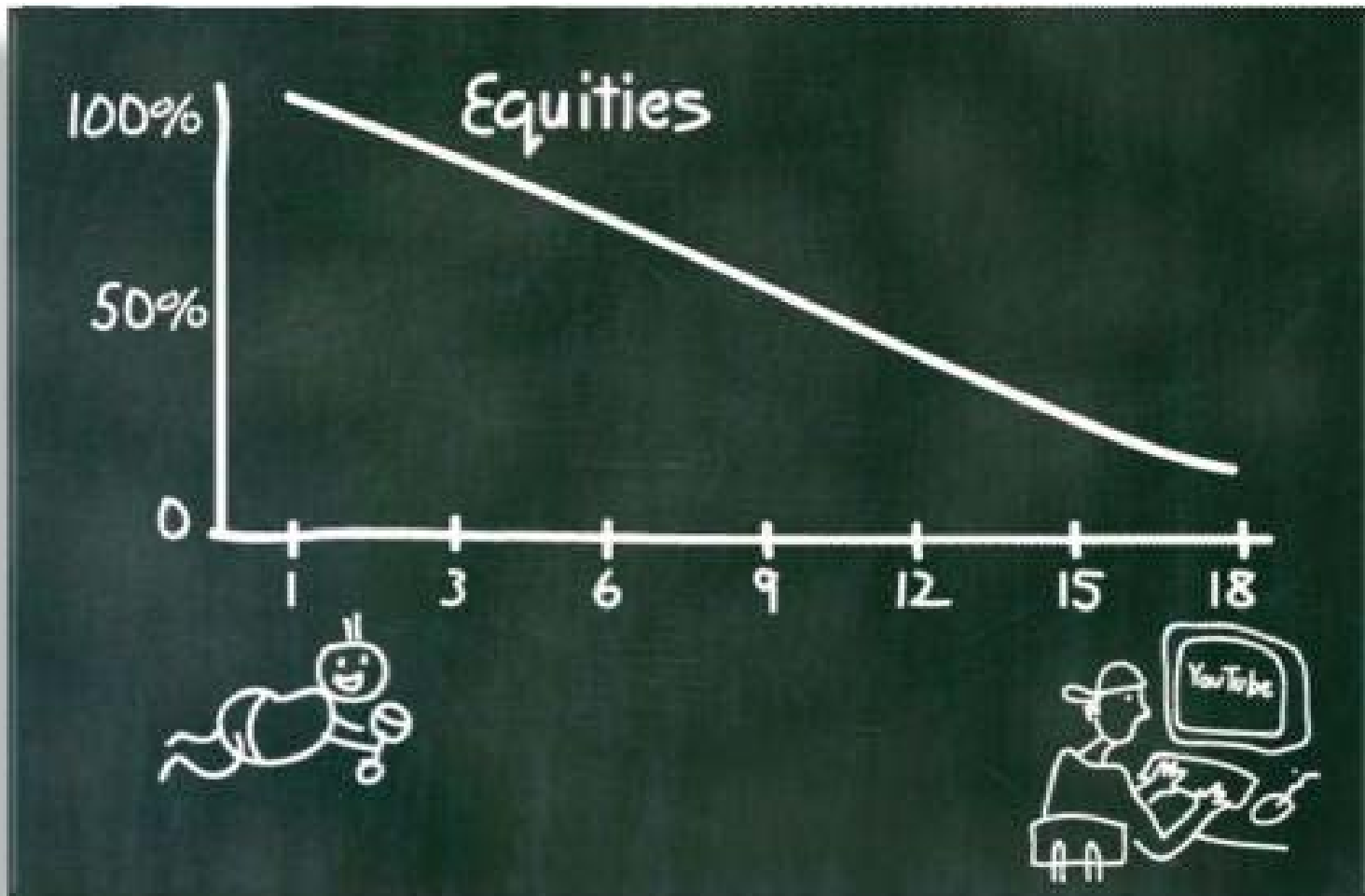
Family vs. individual RESP

Family RESP	Individual RESP
Family relationship (blood or adoption)	No family relationship required
Multiple beneficiaries	One beneficiary
Replacement beneficiary allowed	Replacement beneficiary allowed



Why RESPs Deserve a lot of R-E-S-P-E-C-T

Investing in an RESP



Q&A: time to hear from you



CESG: additional 20% return

Post 2006:

- Annual contribution x **(20% CESG)**
- Increase to annual CESG: **\$400 to \$500**
- Lifetime maximum per beneficiary: **\$7,200**
- Eligibility ends after **age 17**



Unused CESG amount

What happens with unused CESG amount?

- Amount can be carried forward
- Carry forward one year at a time
- Post 2006 annual maximum CESG: **\$1,000**



CESG catch up

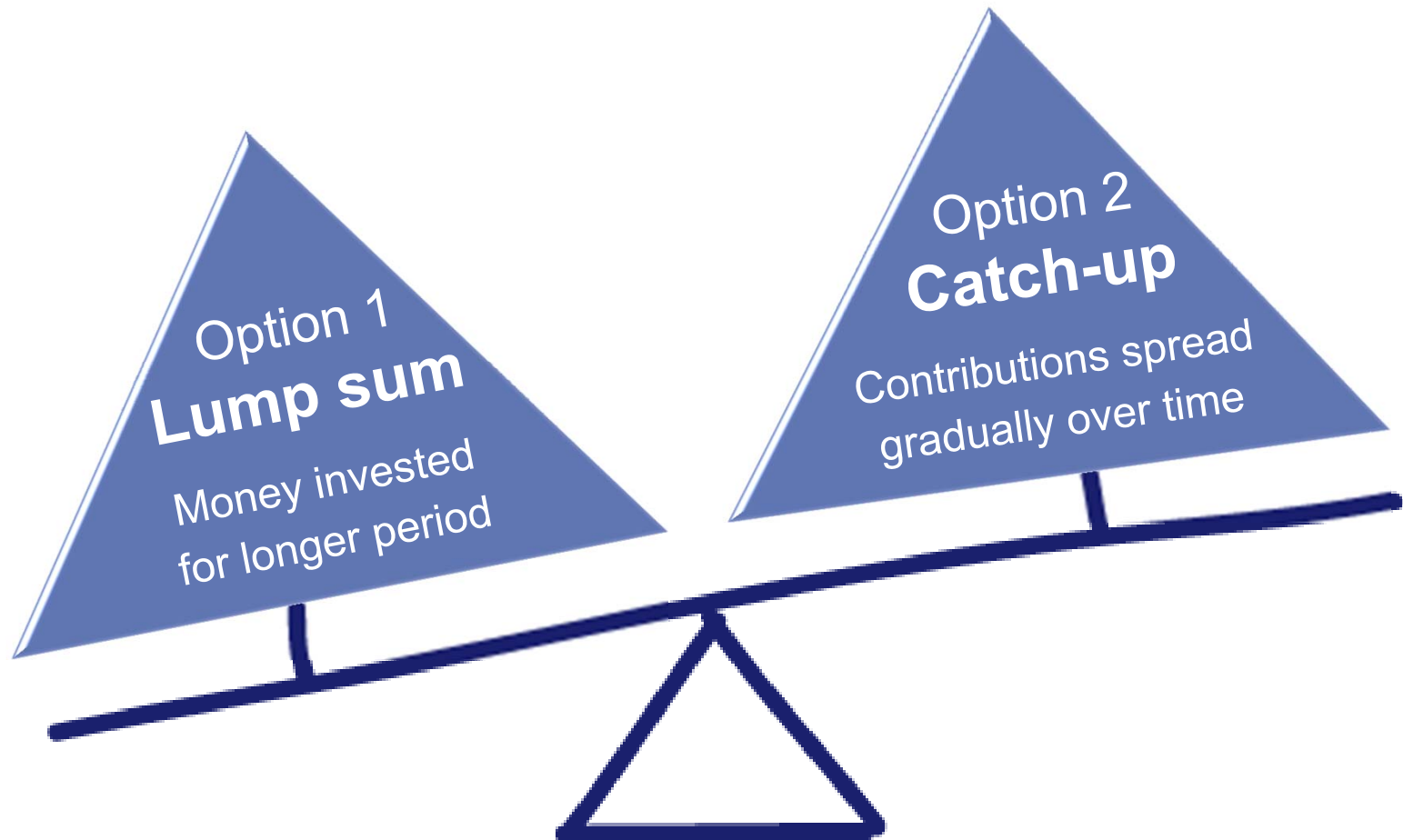
Situation:

Erika and Robert just opened an RESP for their son KJ age 4 (*born 2007*). How do they catch up on **unused** CESG amount?

KJ's unused CESG amount at age 4 is \$2,500:

$$\begin{array}{|c|} \hline (2007) \\ \hline \$500 \\ \hline \end{array} + \begin{array}{|c|} \hline (2008) \\ \hline \$500 \\ \hline \end{array} + \begin{array}{|c|} \hline (2009) \\ \hline \$500 \\ \hline \end{array} + \begin{array}{|c|} \hline (2010) \\ \hline \$500 \\ \hline \end{array} + \begin{array}{|c|} \hline (2011) \\ \hline \$500 \\ \hline \end{array} = \begin{array}{|c|} \hline \$2,500 \\ \hline \end{array}$$

Weighing the options



It's time to take more questions



Why RESPs Deserve a lot of R-E-S-P-E-C-T

Other savings vehicles

Tax-free savings account (TFSA)

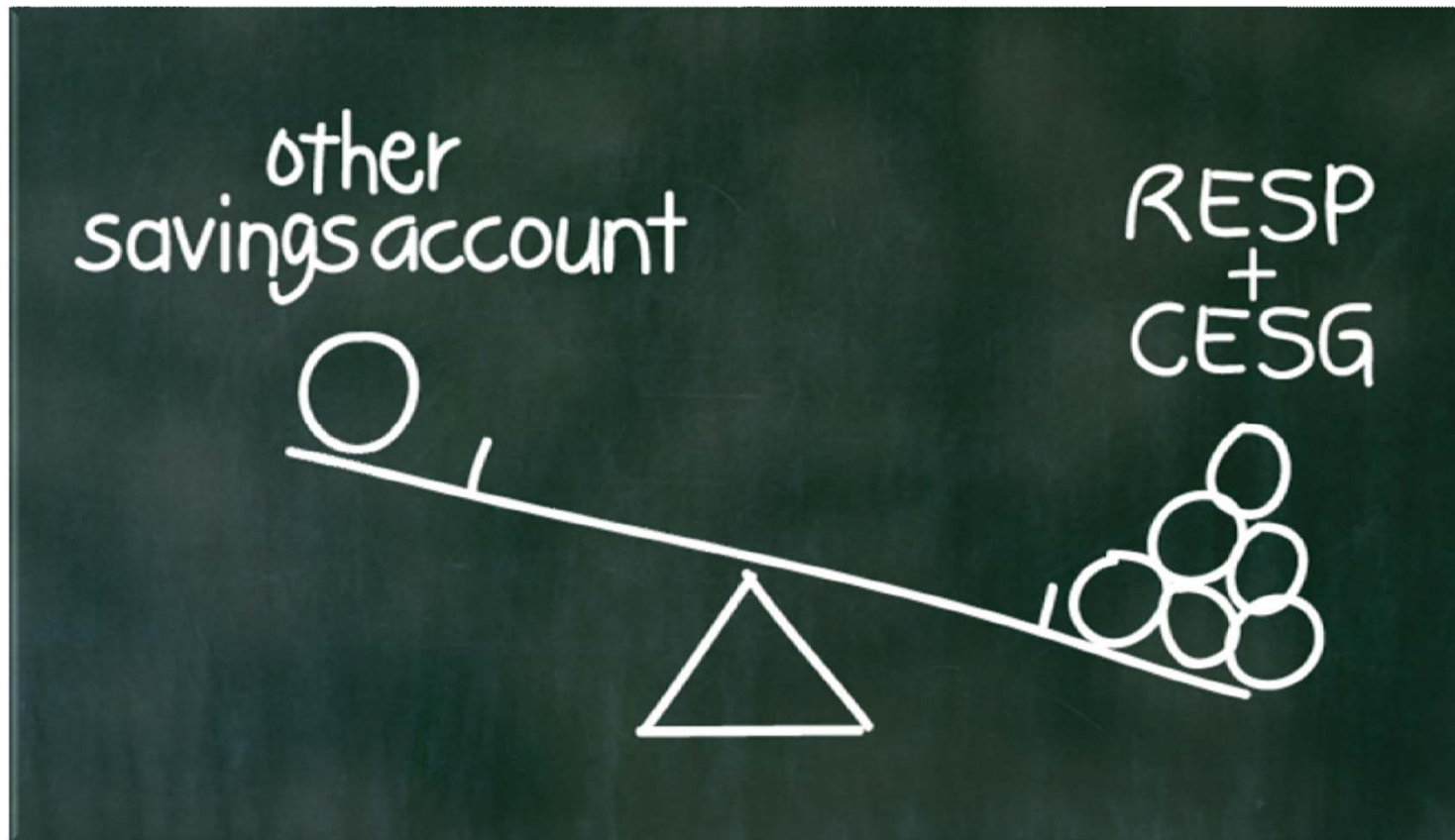
- Minimum age requirement: 18
- Tax shelter

In-trust for account

- Investment belongs to child at 18
- Multi purpose account



RESP tips scale



In search of contribution money?

Here are some tips:

- **Use RRSP tax return and benefit from**
 - Income tax reduction/tax shelter
 - CESG: increase savings by 20%
- **Invest Universal Child Care Benefit**
 - \$100/month for 6 years will save \$7,200
 - \$7,200 will attract \$1,440 of CESG



Why RESPs Deserve a lot of R-E-S-P-E-C-T

Time for more RESP Q&A



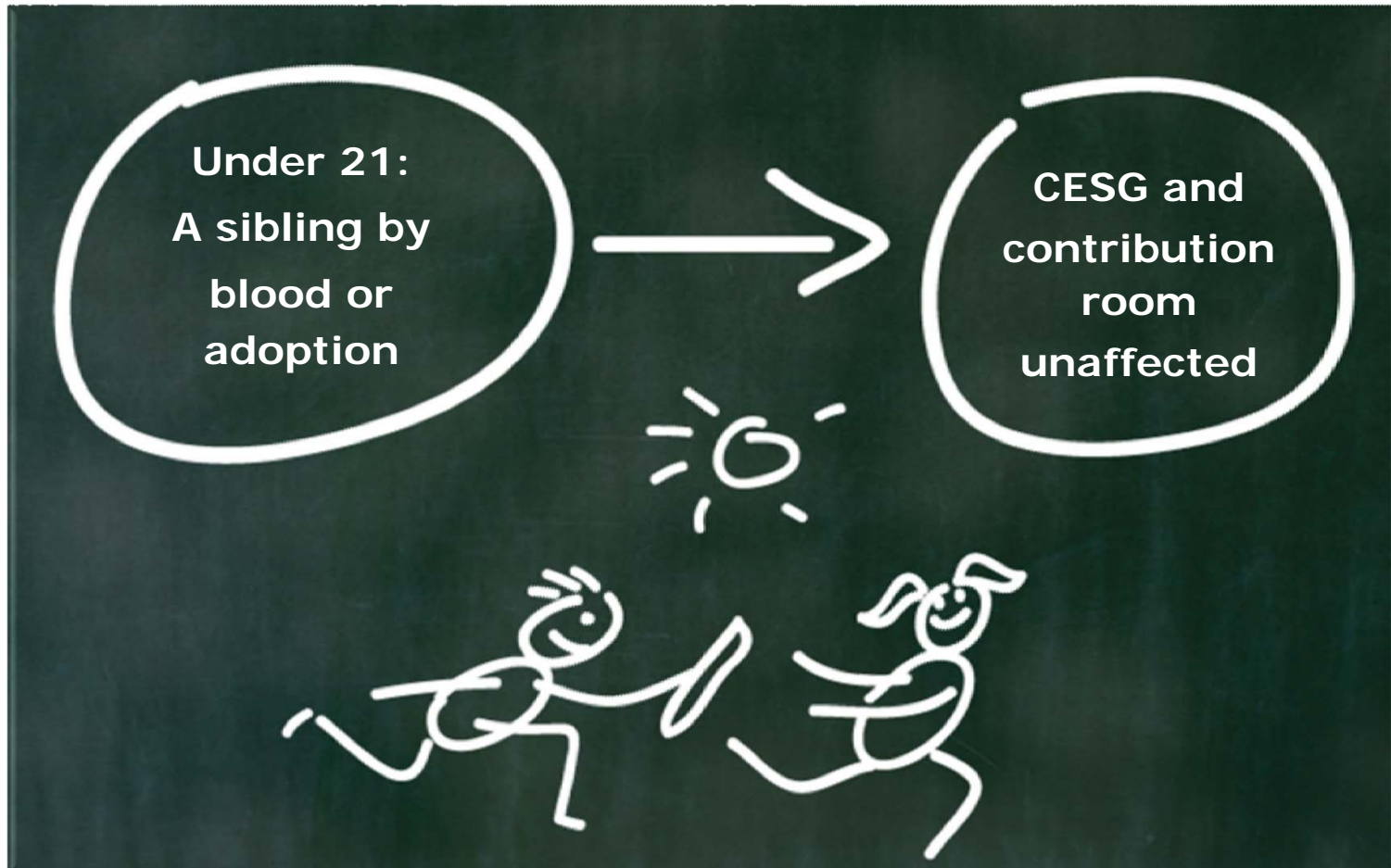
Education Assistance Program

What you need to know about EAP:

- Withdrawal for school expenses only
- EAP: CESG and investment return
- Limit: \$5,000 for first 13 consecutive weeks



What if they don't want to go?



What if they drop out?

Situation:

10 years ago, Barbara set up a family RESP for her son and daughter. **Roger** is 21 and after 2 years of university drops out. **Christine**, age 18, starts university next fall.

What the experts say:

- Transfer Roger's RESP to his sister Christine
- Keep his RESP open in case he goes back to school

No replacement beneficiary?

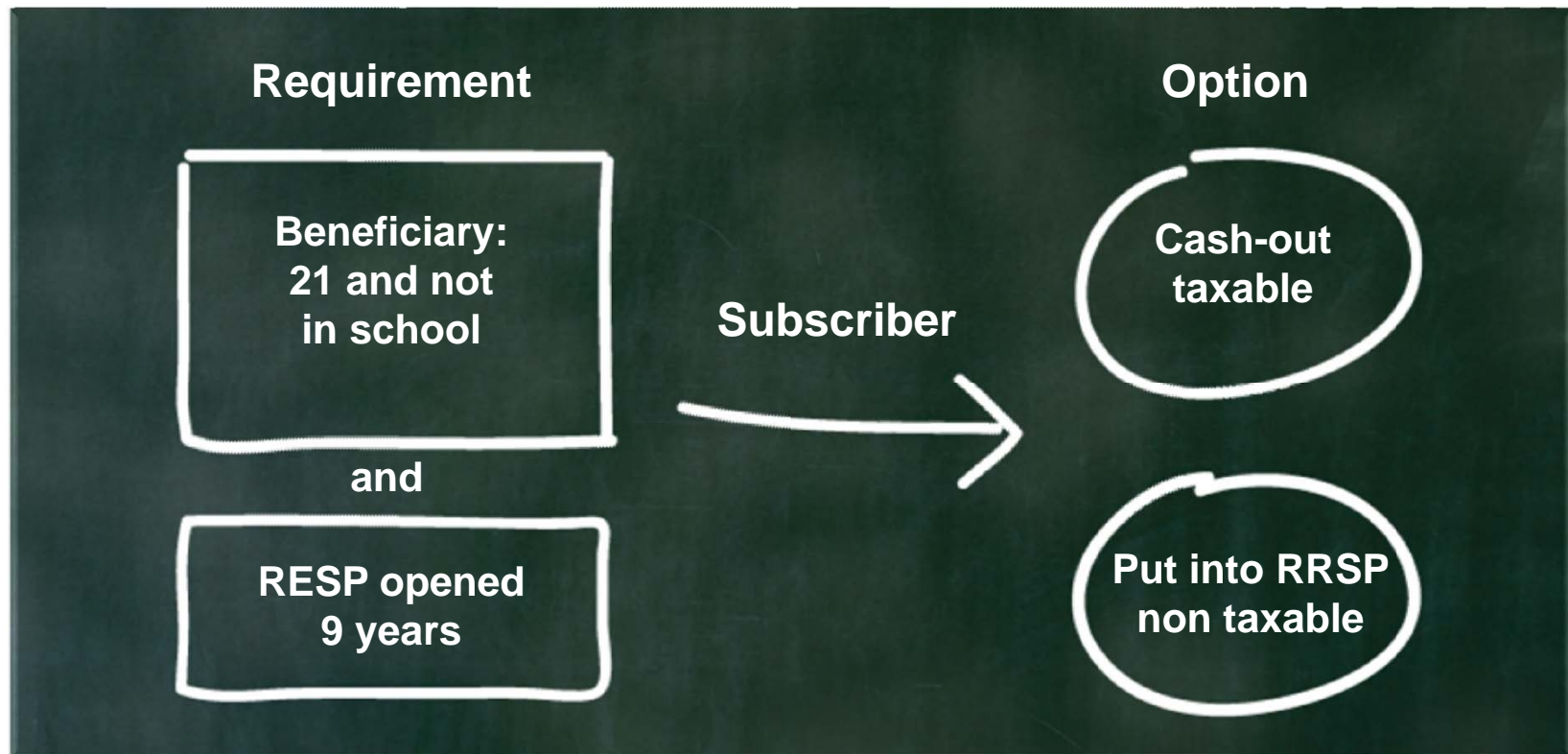
Here's how you go about closing an RESP:

- CESG returned to government
- Capital returned to subscriber
- Investment income: cash or RRSP

NOW CLOSED



Accumulated Income Payment



Last call for questions



Wrap-up: call on Educators

In addition to this webinar, increase your financial learning even further by:

- Signing up for eNews, our exclusive email list
- Call **1.800.263.9541** to book your free one-on-one financial planning session
- Visiting www.educatorsfinancialgroup.ca and signing up for The Learning Centre



And that's a wrap



Bruce Sellery



Jim Wanamaker

The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. Attendees and readers should consult a financial planner and their own accountant and/or legal advisor for specific advice related to their circumstances. Educators Financial Group will not be held responsible or liable for any losses, costs, damages or expenses incurred by reason of reliance as a result of the aforementioned information. The information presented was obtained from sources that are believed to be reliable. However, Educators Financial Group can not guarantee their completeness or accuracy. Commissions, trailing commissions, management fees and expenses may all be associated with mutual funds. Please read the simplified prospectus before investing. Mutual funds are not guaranteed, their value changes frequently and past performance may not be repeated.



Why RESPs Deserve a lot of R-E-S-P-E-C-T

Thank
YOU



www.educatorsfinancialgroup.ca

Why RESPs Deserve a lot of R-E-S-P-E-C-T