

education. Each beneficiary must be a Canadian resident and have a social insurance number (SIN) which can be obtained from a Service Canada Centre (www.servicecanada.gc.ca)

Contributing to an RESP



A subscriber can contribute any amount to an RESP, subject to a lifetime contribution limit of \$50,000 per beneficiary. Although you cannot deduct the contributions made to an RESP from your taxable income, the subsequent investment earnings on RESP contributions are tax-deferred. If the plan earnings are withdrawn to cover qualifying post-secondary education expenses, they are taxable to the beneficiary, not to the subscriber. You can contribute to an RESP for up to 31 years, and the plan can remain open for a maximum of 35 years.

Here are some of the reasons why RESPs are popular among Canadians:

Tax-Deferred Earnings

RESPs offer tax deferral. This means that interest income and investment growth earned within an RESP are not taxed as long as the funds remain in the plan. Withdrawals from an RESP are taxed in the hands of the student, which usually means they pay little or no tax.

The Canada Education Savings Grant (CESG)

With the CESG, for an eligible beneficiary under the age of 18, **the government matches 20% on the first \$2,500 contributed annually** to an RESP. The maximum total CESG the government will give, up to age 18, is \$7,200 per beneficiary. The grant proceeds are invested along with your contributions, further enhancing the benefits of tax-deferred and compound investment growth within your plan.



Canada Learning Bond (CLB)

A \$500 CLB is provided for children of families who are entitled to the National Child Benefit Supplement and who are born after December 31, 2003. These children also qualify for CLB instalments of \$100 per year until age 15, as long as they continue to receive the National Child Benefit Supplement. The total maximum CLB payable per child is \$2,000. CLBs are allocated to a specific child; unlike CESGs, they cannot be shared with other beneficiaries. There is no requirement to make contributions in order to qualify for the CLB.

Your Advisor at your bank or credit union can help you open an RESP for your children, help you apply for the government grants, and help you select an investment option to best meet your savings plans.

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**In the meantime, take care and ... God bless.
Merry Christmas and Happy New Year from everyone here at Neepawa & Area
Immigrant Settlement Services
Cheryl, Agni, Myla, Murray and Susan**



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