

When it comes to creating  
a brighter future for a child,



**we're with you  
every step of  
the way**

## Registered Education Savings Plan (RESP) Quick Reference Guide

### Beneficiary designation

#### Family

- Can have multiple beneficiaries
- Must be related to subscriber by blood or legal adoption
- Must be under 21 when they are named a beneficiary (unless by way of transfer from another Family RESP)
- Must have Social Insurance Number (SIN) to open RESP
- Must reside in Canada

#### Individual

- Beneficiary of *any* age, only *one* beneficiary allowed
- Must have SIN and reside in Canada, can be of *any* relation to the subscriber

### Subscriber designation

#### Family

- A joint subscriber is allowed for spouses only
- Trusts and corporations are not allowed
- Must be related by blood or adoption to beneficiaries

#### Individual

- Any relationship to the subscriber

### Maturity

#### Family and Individual

- 25th year after the year the plan is entered into

### Contribution window

#### Family

- Up to the end of the 21st year after the year the plan is entered into, *OR* before the beneficiary turns 21

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## Contribution window (cont.)

### Individual

- Not limited by the age of the beneficiary

## Contribution limits

### Family and Individual

- A maximum of \$50,000 lifetime limit per beneficiary

## CESG qualification

### Family and Individual

- Must be under 18 years of age, a resident of Canada and must have a valid SIN
- For years the beneficiary turns 16 or 17: must have deposited at least \$100 per year for any four years, *OR* \$2,000 of contributions in the year prior to the beneficiary turning 16 years old

## Canada Education Savings Grant (CESG)

### Family and Individual

- 20 per cent of the first \$2,500 per year
- Maximum per year is \$500 (carry-forward of grant room can allow up to \$1,000 per year)
- Maximum per beneficiary is \$7,200 over the life of the plan

## CESG carry-forward

### Family and Individual

- Every Canadian child accumulates \$500 CESG "room" as of January 1st, 2007 or the year of birth, whichever is later (\$400 from 1998 to December 31, 2006)
- Grant "room" (maximum of \$1,000 per year from January 1, 2007) can be carried forward to the end of the beneficiary's 17th year

## CESG repayment

### Family and Individual

- Human Resources Development Canada will claw back the CESG when/if contributions are withdrawn, the plan terminates and/or an Accumulated Income Payment is made

## Tax on over-contributions

### Family and Individual

- Subject to a 1 per cent per month tax on the amount not withdrawn by end of the month
- Subscriber must complete T1E-OVP (97) and submit directly to Canada Revenue Agency

## Changing the beneficiary

### Family and Individual

- Can be changed at any time as long as the change complies with the criteria set out in the beneficiary designation section
- CESG will be paid back if the new beneficiary is not less than 21 years old and sibling of the former beneficiary

## Changing the subscriber

### Family

- A spouse/former spouse can replace the original subscriber in the event of a death or marital breakdown

### Individual

- A spouse/former spouse can replace the original subscriber in the event of marital breakdown and anyone can replace the subscriber due to death



## Death of beneficiary

### Family and Individual

- Subscriber can designate a replacement beneficiary providing the beneficiary meets the conditions set out in the beneficiary designation section
- CESG will be paid back if the new beneficiary is not less than 21 years old and the sibling of the former beneficiary
- If a replacement beneficiary is not appointed and there are no other beneficiaries in the plan, the CESG would have to be repaid when the plan is wound up

## What forms are necessary?

1. Family or Individual Application Form, including the beneficiary's SIN
2. CESG application form available at [www.hrsdc.gc.ca](http://www.hrsdc.gc.ca)
3. Submit **both** applications to Manulife Mutual Funds

## Contact Information

### CRA

**Phone:** (RESP) 1 800 267 3100

**Website:** [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

### HRDC

**Phone:** 1 888 276 3624

**Website:** [www.hrsdc.gc.ca](http://www.hrsdc.gc.ca)



## TYPES OF WITHDRAWALS

### Capital Withdrawal (beneficiary not attending school)

- The subscriber is entitled to withdraw contributions at any time, but this triggers CESG repayment equal to the lesser of 20 per cent of that withdrawal and the outstanding CESG balance

### Post-Secondary Education Capital Withdrawal (PSE)

- Any withdrawal of contributions while any beneficiary is entitled to receive an EAP does not incur a CESG clawback

### Educational assistance payments (EAP)

- Consists of the RESPs income and CESG
- Beneficiary must be enrolled in a qualifying post-secondary educational program
- EAP limited to \$5,000 for the first 13 weeks of enrollment in a qualifying post-secondary educational program

### Accumulated Income Payment (AIP)

- Usually includes earnings on contributions to the plan and earnings on the CESG

- Generally paid to the subscriber, all unused CESG is returned and the plan must be terminated by the end of February of the year after the year the first payment is made
- Included in income, plus an additional 20 per cent penalty tax
- If the recipient has sufficient RRSP contribution room they can contribute up to \$50,000 to their RRSP or a spousal RRSP and use the resulting deduction to offset the income inclusion and avoid the 20 per cent penalty tax
- The following conditions must be met:
  - a. The recipient must be a Canadian resident
  - b. The recipient is a subscriber of the RESP, unless a subscriber of the RESP has died
  - c. The plan must have been in existence for at least 10 years or each beneficiary has died and was a subscriber or related to the subscriber (including niece, nephew, great nephew or great niece)
  - d. The beneficiary (ies) must be at least 21 years old and not eligible to receive an EAP

For more information, please contact  
your Manulife Investments sales team.

For client service inquiries contact:

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[www.manulifeinvestments.ca](http://www.manulifeinvestments.ca)

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