

Gift of education requires planning

In 2009, the average cost of a 4-year undergraduate degree away from home was just under \$80,000¹. Over the next 18 years the cost of education is expected to increase by 2.9% each year for students living away from home and 3.5% a year for students living at home.²

The primary advantage of an RESP is that it attracts government grant money, the Canadian Education Savings Grant (CESG). Your child could potentially get \$500 of CESG per year, and depending on their age, they may be eligible to receive a maximum of \$7,200. Also, investment income in the RESP is not taxable.

Ensuring you're contributing enough requires proper planning because the RESP has a defined time horizon. That is, CESG eligibility ends after age 17 and there's the start date when funds are needed for school.

A financial planner can calculate if you're on the right track. And if you're not, what you can do.

Tip: In search of RESP contribution money

1. Put tax refund from RRSP contributions into an RESP
2. Invest monthly Universal Child Care Benefit into RESP

Both contributions will get attract the 20% CESG money

RESP contribution deadline: December 31st

Want to know more about RESPs? Such as what happens if junior drops out? Or whether you can withdraw your RESP contributions? These are some of the questions addressed in our 40 minutes webinar:

“Help junior graduate without a hefty debt: How to use an RESP”

To view the webinar, please visit our website: www.educatorsfinancialgroup.ca

For more information about the webinar, please contact us at: **1-800-263-9541** or by email at info@educatorsfinancialgroup.ca

Educators Financial Group (formerly OTG) was established in 1975 by OSSTF. We provide financial solutions exclusively to the education community – its members and their family.

¹ HRSDC, Statistics Canada

² Ibid.