

Your Alberta School Board Employee Group RESP



The costs of Post-Secondary Education tripled in the past 20 years – and they're expected to triple again in the next 20.

If you want your kids to go to school like you did, how will you pay for it?

Average cost of University tuition in Canada*

Average cost in 2020-21 \$6,580 annually
 Four-year program \$26,320

Expected cost in 2040..... \$15,869 annually
 Four-year program \$67,890

The ASBE Group Registered Education Savings Plan can help.

How does it work?

You contribute money to an RESP. As a Registered Savings Plan, your investments grow tax sheltered -- so you don't pay tax on the interest while it's in the plan. When it comes time to take it out, it's taken out in the student's name, so they'll likely pay little to no tax on it.

You also get automatic access to the Canada Education Savings Grant. With this, the Federal Government will match up to 20% of your contribution, up to \$2,500 per year. If you've contributed less than your maximum (\$50,000), then you can get grants on contributions up to \$5,000 per year. The net result: you could get up to \$7,200 in free grants from the Federal Government (the maximum allowed)!

Your Contribution	Canada Education Savings Grant	Total Contributions
\$500	\$100	\$600
\$1,000	\$200	\$1,200
\$2,500	\$500	\$3,000
\$36,000 (lifetime)	\$7,200	\$43,200

It's a simple online application and the program is run by Canada Life – the same Pension Fund Administrator as your Group RRSP / TFSA. Once it's set up, you can contribute to your plan any time through Online Contributions. The program takes care of all government grants, so you don't have to worry about that either.

Apply NOW online at: www.capitalplanning.ca/resp-apply

Sign in as a new Plan Member; Access ID: ASBE_RESP, Password: EASY2enrol

Capital Estate Planning

Providers of your ASBE Voluntary Benefits Program

780-463-6128

1-800-661-8755

strategies@capitalplanning.ca

www.capitalplanning.ca

The FAQs on the RESP...

Can a child have more than one RESP?

Yes, just like an RRSP or TFSA, you can have more than one. So parents and grandparents, for example, could each start an RESP in the child's name. The government grants, though, are done per beneficiary (the child) – so they wouldn't be able to double the grants doing this, and the same maximum (\$50,000) applies.

What if I want to set something up for my niece / nephew / best friend's kid?

That's an option – you'll just want to communicate with their parents to make sure that the combined total doesn't go over the maximums (see above).

What if I already have a Capital Group RRSP? Do I need to create a new account?

Yes, the RESP program is treated separately from the RRSP program, so you'll need to create a new login specifically for the RESP.

Can I do this through my payroll department?

Unfortunately, as a new program, this isn't an option yet, but we are working on this becoming an option with payroll departments once it becomes available. In the meantime you can contribute regular or lump-sum payments through online banking, or set up Pre-Authorized Contributions to automatically come out of your bank account each month.

Can I transfer in my existing RESPs to this program?

Not yet! Much like payroll deduction, this is a feature we hope to have in place sometime in the coming year – and we'll be sure to let those who sign up know when it becomes available.

What if my kids don't go to Post-Secondary?

If they don't go to Post-Secondary at all, then you're able to take out the money contributed to the RESP (tax free) and the growth (this part will be taxable income, as it would be if the child took it out for school). If you have RRSP contribution room, you can also roll it over to your RRSP tax-free. However, you will have to repay the government grants.

What if we're sure that only one of the kids is going to Post-Secondary?

You can transfer the amounts from one RESP to another.

What if the kids take a "gap year"?

RESPs can be used up to 35 years from the date they were first created, so they have some time to figure out what they want to do with their lives before going to Post-Secondary.

For more information check out our website or connect with us.

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