

 Employment and Social Development Canada / Emploi et Développement social Canada
 

# RESP fundamental principles


Canada Education Savings Program

October 2, 2024

1

[Menu](#)

## Objective



ITA 146.1

CESA

CESR

Provincial legislations

2

2

## Agenda

- 1- Setting it up
- 2- Making it grow
- 3- Taking out funds
- 4- Contribution withdrawal and repayments

3

3

## What is an RESP

Tax sheltered means of saving for post-secondary education (PSE)



Contract



Registered plan



35 years (40 years for specified plan)

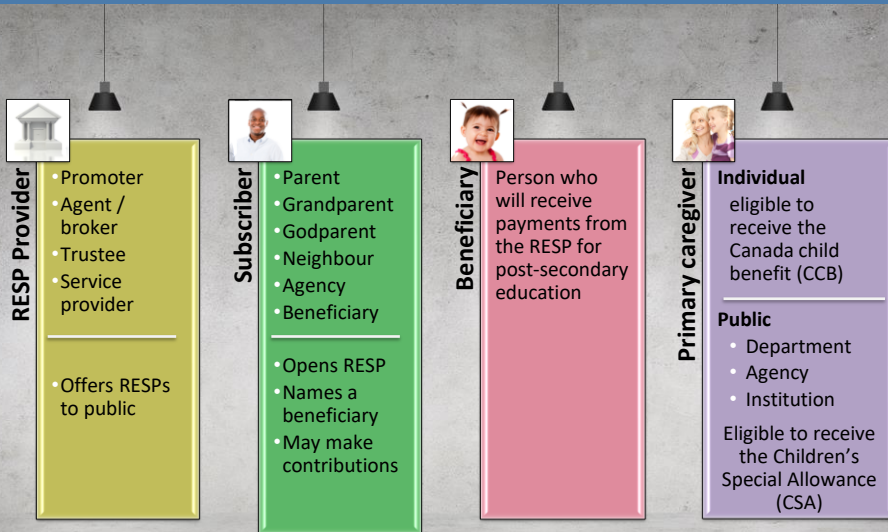
CRA - IC93-3R2

CRA - RC 4092

4

4

## Key players



UG 1.2.

5

5

## Partners



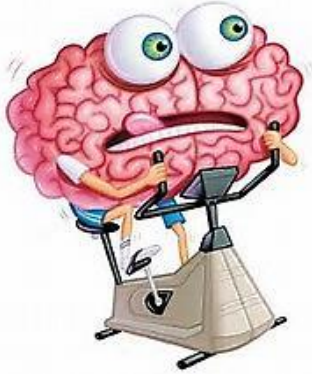
IC 2

UG 1.2.

6

6

## Exercise #1: Roles and responsibilities



Exercise #1: Administrative responsibilities – Who does what?

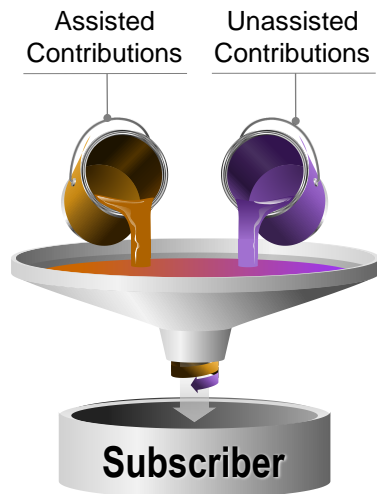
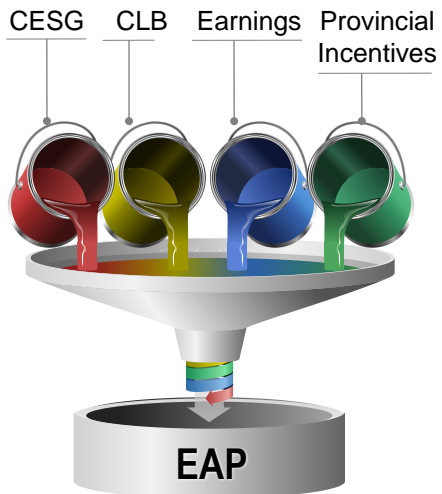


Training material

7

7

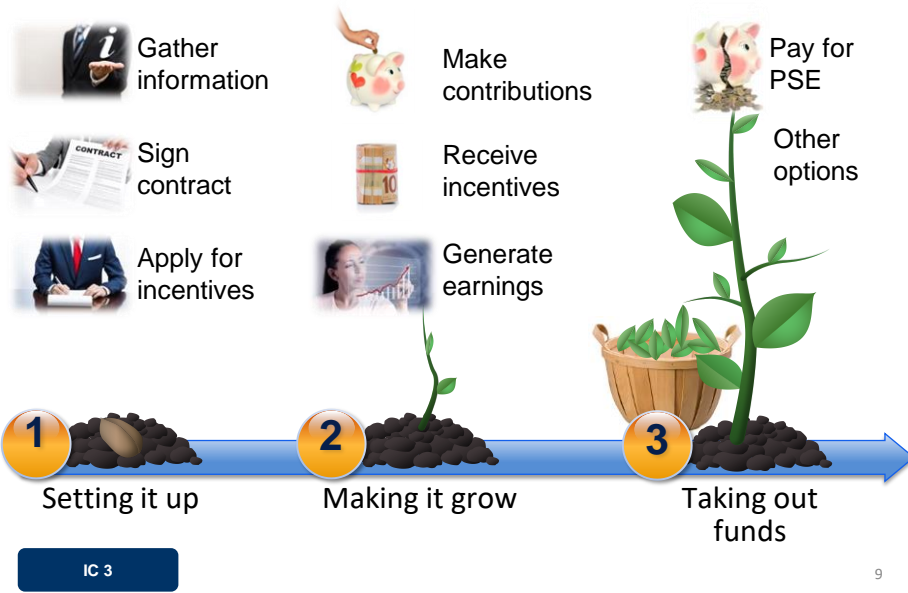
## RESP notional accounts



8

8

## Typical RESP life cycle



9

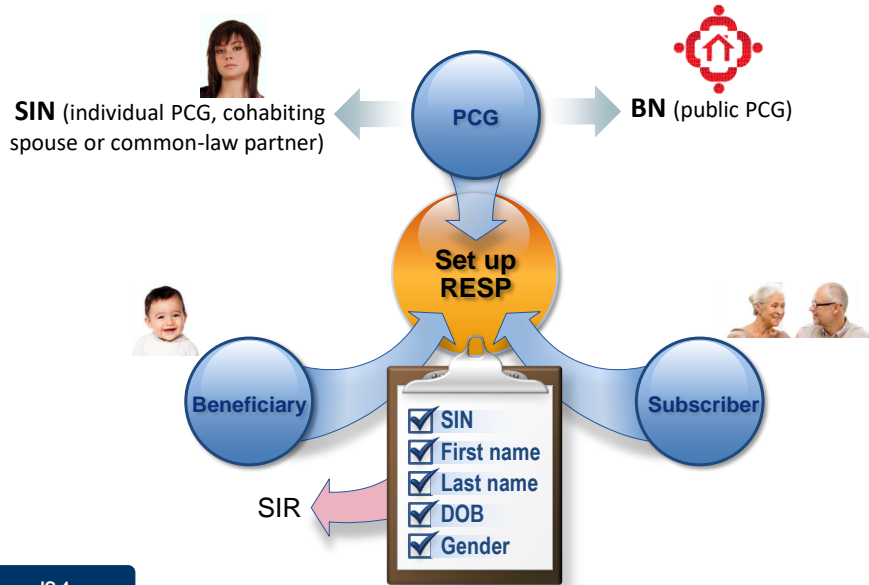
## Phase 1

# Setting it up



10

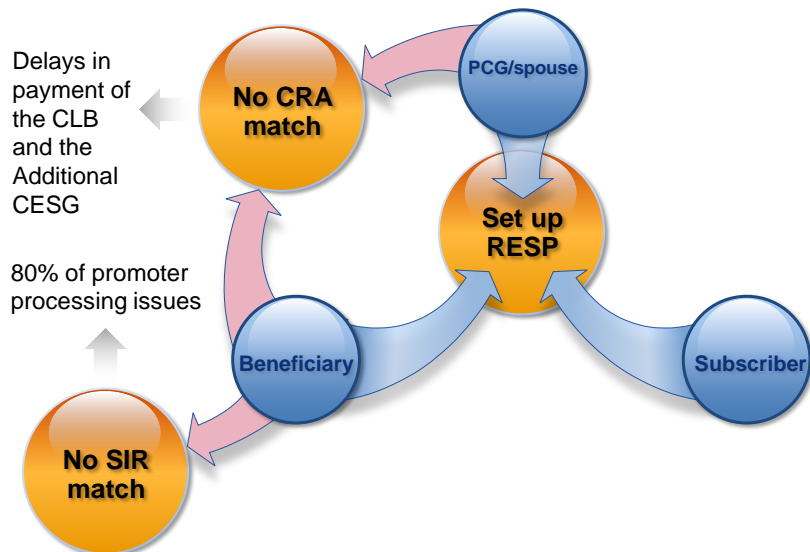
## Gathering information



11

11

## Avoiding common problems



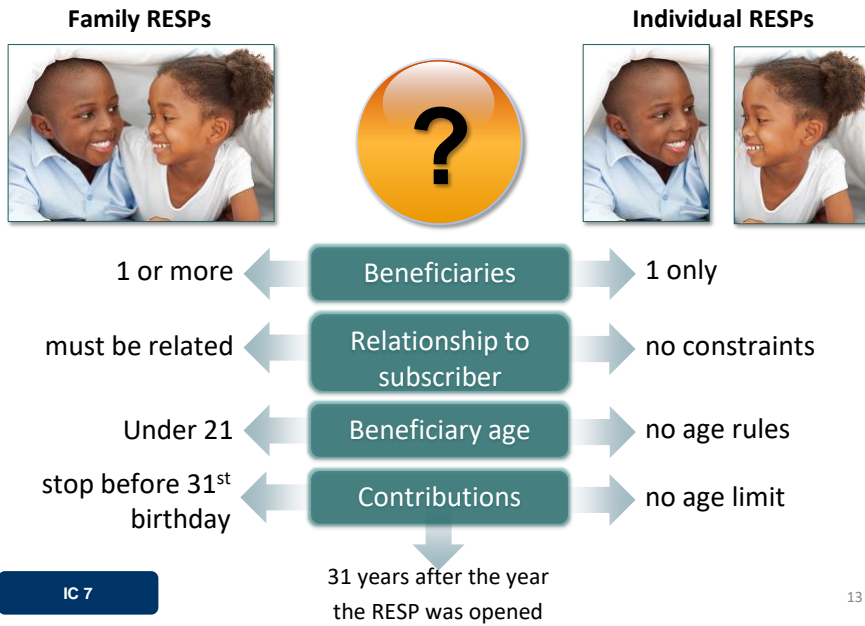
IC 4

IC 5

12

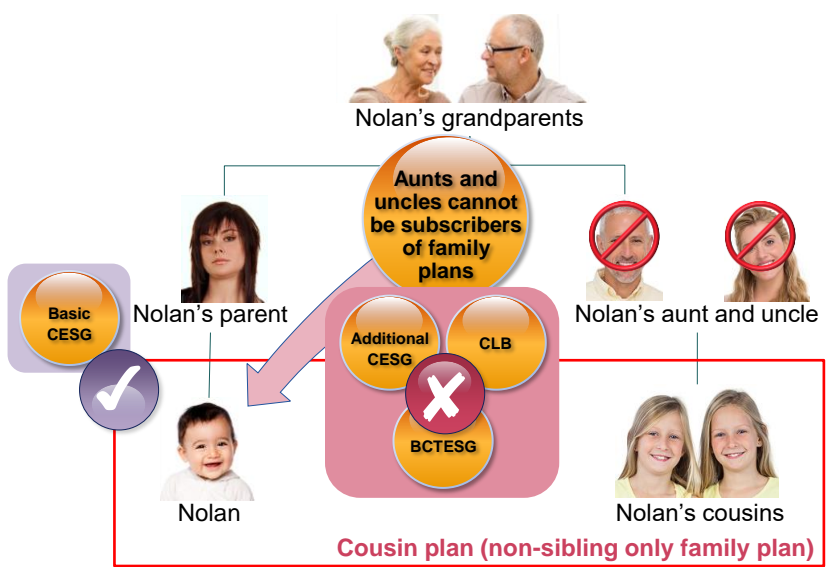
12

# Individual vs family RESPs



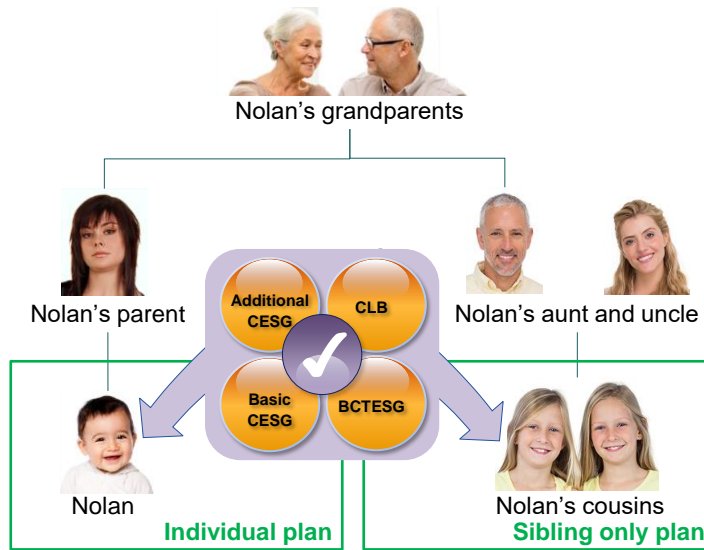
IC 7

# Blood relationship in a family RESP – with cousins



IC 6

## Blood relationship in a family RESP – with siblings

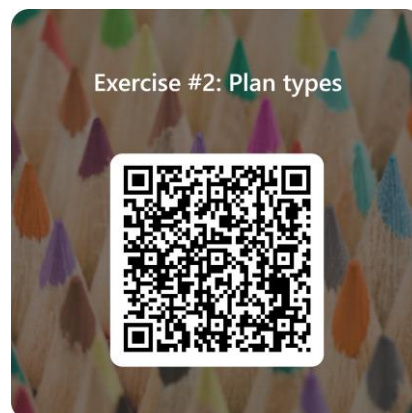
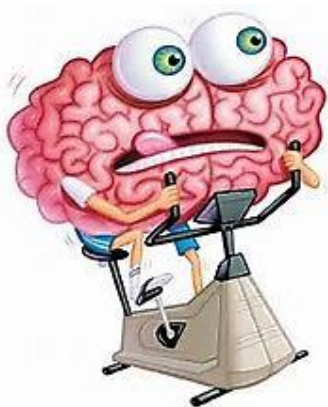


IC 6

15

15

## Exercise #2: Plan types



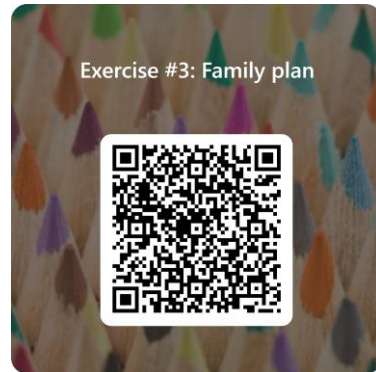
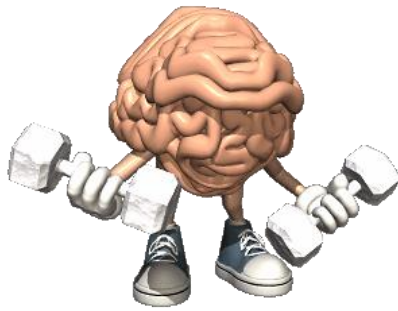
Training material

16

16



## Exercise #3: Family plan

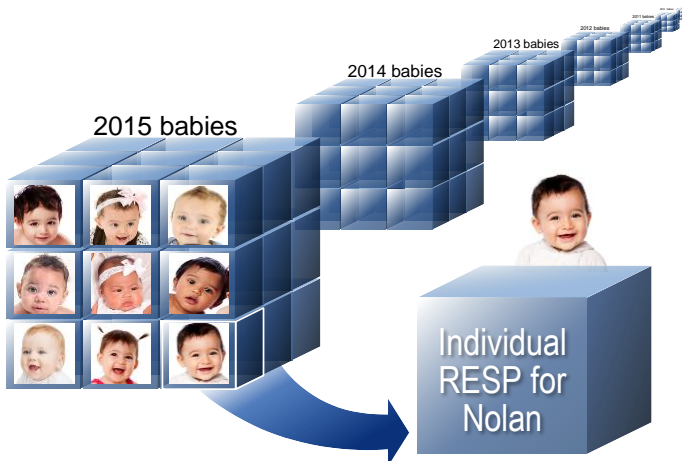


Training material

17

17

## Group plans – a collection of individual RESPs

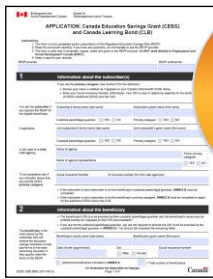


IC 8

18

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# Applying for education savings incentives



**Appendix A. Registered Education Savings Plan provider user guide – Application forms – Education savings incentives**

From: Employment and Social Development Canada

**Disclaimer: RESP promoters**

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

**On this page**

- [List of acronyms](#)
- [Introduction](#)
- [A.1. Application form ESDC SDE 0093](#)
- [A.2. Application form ESDC SDE 0107](#)
- [A.3. Important information](#)

**Alternate format**

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

**List of acronyms**

Access application form

Get help completing the form

- Forms tab
- UG – Appendix A
- IC 9, 11 & 16

# User Guide Appendix A

## Appendix A. Registered Education Savings Plan provider user guide – Application forms – Education savings incentives

From: Employment and Social Development Canada

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- [List of acronyms](#)
- [Introduction](#)
- [A.1. Application form ESDC SDE 0093](#)
- [A.2. Application form ESDC SDE 0107](#)
- [A.3. Important information](#)

### Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

### List of acronyms

#### BCTESG

British Columbia Training and Education Savings Grant

- UG – Appendix A

# User Guide Appendix A

## A.3.3. Answers to additional questions

### A.3.3.1. Individual RESPs

#### Can we include on the same application form ESDC SDE 0093 siblings who are beneficiaries of separate individual RESPs?

No. You can't use 1 CESP application form for siblings who are beneficiaries of different individual RESPs. Given that each RESP is a separate contract, you must use a separate form for each contract number.

### A.3.3.2. Family RESPs with cousins

#### Can we include all beneficiaries on 1 form ESDC SDE 0093 if there are cousins in a family RESP?

Yes. When there are multiple beneficiaries named to a family RESP, you can use 1 form for all beneficiaries. This is regardless of whether they are all siblings.

However, a beneficiary's custodial parent/legal guardian needs to complete Annex A (Additional beneficiaries) and Annex B (Primary caregiver or their spouse and/or custodial parent/legal guardian). As a result, if there are cousins in the plan, you will require more than 1 Annex A and Annex B.

**Note:** To receive the Additional CESG, the CLB or the BCTESG, all beneficiaries named to the RESP must be siblings.

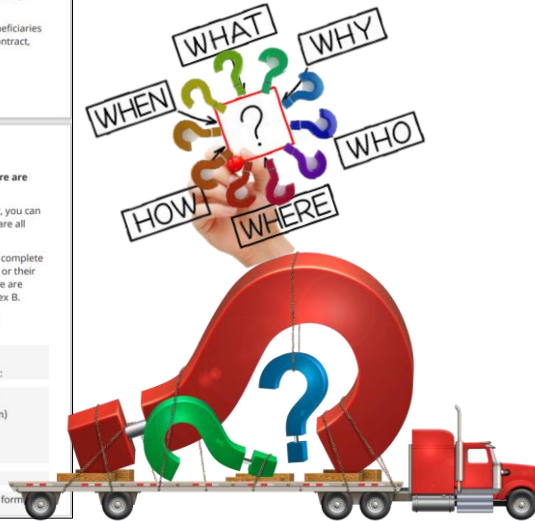
#### Example

The subscriber, Jane Smith, opens a RESP for her 4 grandchildren:

- John Smith (PCG and custodial parent = mother, Mary Smith)
- Joseph Smith (PCG and custodial parent = mother, Mary Smith)
- Ann Smith (PCG and custodial parent = mother, Jill Smith)
- Brian Smith (PCG and custodial parent = mother, Jill Smith)

You must complete the following parts of the form:

- the subscriber, Jane Smith, must complete and sign the main form



# Form version date

**APPLICATION: Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB)**

**PROTECTED & WHEN COMPLETED**

**1 Information about the subscriber(s)**

You are the subscriber if you opened the RESP

Subscriber's family name (last name) \_\_\_\_\_ Subscriber's given name (first name) \_\_\_\_\_

Custodial parent/legal guardian: YES  NO  Primary caregiver or their spouse: YES  NO

If applicable, Joint subscriber's family name (last name) \_\_\_\_\_ Joint subscriber's given name (first name) \_\_\_\_\_

Custodial parent/legal guardian: YES  NO

In the case of a child care agency: Name of agency \_\_\_\_\_ Public primary caregiver: YES  NO

To be completed only if you indicate above that you are the primary caregiver or their spouse: Social Insurance Number (999 999 999) \_\_\_\_\_ Or business number (for child care agencies) \_\_\_\_\_

**2 Information about the beneficiary**

The beneficiary is the child named by the subscriber who will receive the education savings incentives to help pay for their post-secondary education if they qualify under the terms of the RESP.

Beneficiary's family name (last name) \_\_\_\_\_ Beneficiary's given name (first name) \_\_\_\_\_

Date of birth (yyyy/mm/dd) \_\_\_\_\_ Gender: Male  Female  Social Insurance Number (999 999 999) \_\_\_\_\_

Additional beneficiaries indicated in ANNEX A  Total number of beneficiaries \_\_\_\_\_

ESDC SDE 0093 (2023-05) E Page 1 of 4

The beneficiary is the child named by the subscriber who will receive the education savings incentives to help pay for their post-secondary education if they qualify under the terms of the RESP.

- If you are not the custodial parent/legal guardian or the custodial parent/legal guardian in ANNEX B, You must complete ANNEX A and ANNEX B.

Beneficiary's family name (last name) \_\_\_\_\_

Date of birth (yyyy/mm/dd) \_\_\_\_\_ Gender: Male  Female

Additional beneficiaries indicated in ANNEX A

Ce formulaire est disponible en français

ESDC SDE 0093 (2023-05) E

Page 1 of 4

# What compliance will look at



Complete!



Residency

4

## Refusal of the Additional CESG and the CLB

This section gives the option to **NOT** request the Additional CESG and/or the CLB in respect of the beneficiary. Reasons for not requesting these education savings incentives may include:

This section is optional and should **ONLY** be used if you **DO NOT** want to request the Additional CESG and/or the CLB.

1. The RESP provider does not offer these education savings incentives. The beneficiary will not receive the Additional CESG or the CLB if they are not offered by the RESP provider. Be sure that you know which ones are offered.
2. The RESP has more than one beneficiary and they are not all siblings, in which case the Additional CESG and CLB cannot be paid.
3. The CLB has already been requested for this beneficiary in another RESP. CLB payments can only be made to one RESP at a given time.
4. The primary caregiver or their spouse does not consent to share their personal information, in which case the Additional CESG and CLB cannot be paid.

Note that this section applies to all beneficiaries listed on this form, including ANNEX A.

- I DO NOT want to request the **Additional CESG** for this RESP.
- I DO NOT want to request the **CLB** for this RESP.

No PCG/spouse information collected  
No application submitted & vice versa.

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## Phase 2

# Making it grow



Making it grow



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## The Canada Learning Bond (CLB)



Paid by the  
Government of  
Canada



Lower income  
families



No contributions  
required



25

25

## Eligibility criteria for the CLB

Resident  
of Canada



Born in  
2004 +



Low  
income



Valid SIN



IC 5

IC 9

UG 6

CESA

26

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## Benefits of the CLB

**\$25** Per beneficiary!

- Initial amount: **\$500**
- Yearly amount: **\$100**
- Lifetime limit: **\$2,000**
- Age limit: **15 years**

IC 9      UG 6      CESA 6(1)

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## Individual PCG income information for CLB eligibility

Canada Revenue Agency

← spouse

← PCG

**Canada Child Benefits Application**

Use this form to apply for all child benefit programs that we administer, including the Canada child benefit (CCB) and the goods and services tax/harmonized sales tax (GST/HST) credit. Unless you indicate otherwise, the information you give on this form will be used for all programs, including federal, provincial, and territorial programs.

For more information about our programs, go to [cra.gc.ca/benefits](http://cra.gc.ca/benefits), see Booklet T4114, Canada Child Benefit, and Guide RC4210, GST/HST Credit, or call 1-800-387-1193.

For instructions on how to fill out this form, see the "General information" on pages 3 and 4.

Fill out the parts that apply to you.

**Part 1 – Information about the applicant**

When both a male and a female parent live in the same home, we usually consider the female parent to be the applicant.

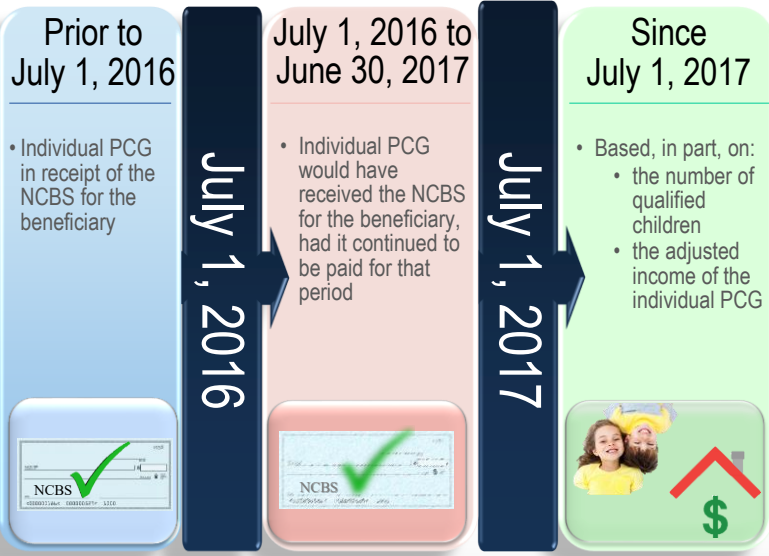
First name and initial	Last name	Social insurance number
Last name at birth (if different from above)		<input type="checkbox"/> Female <input type="checkbox"/> Male
Date of birth: Year    Month    Day	Your language of correspondence: <input type="checkbox"/> English <input type="checkbox"/> Français	

Mailing address (Apt No – Street No Street name, PO Box, RR)

IC 5

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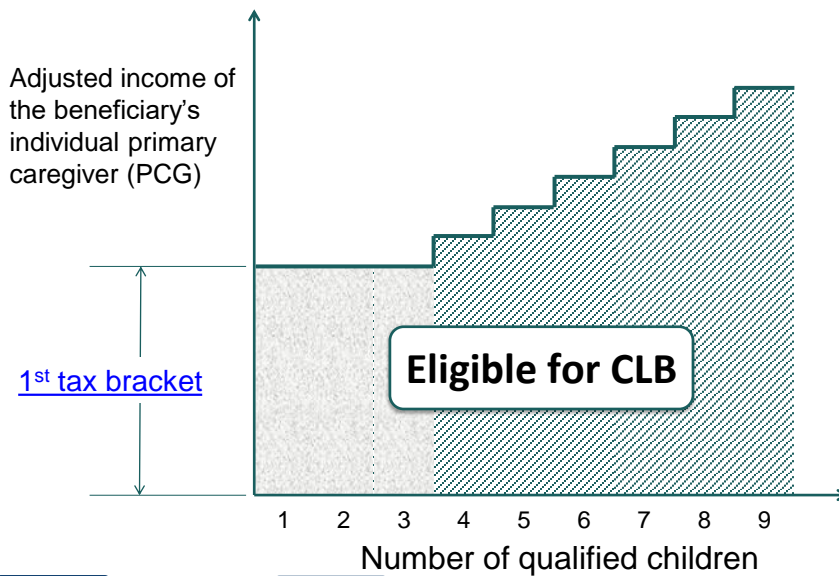
## CLB eligibility criteria



29

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## CLB eligibility criteria since July 1, 2017



IC 5

IC 9

InfoBulletins

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## Exercise #4: Canada Learning Bond



Training material

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## Exercise #5: Primary caregiver



Training material

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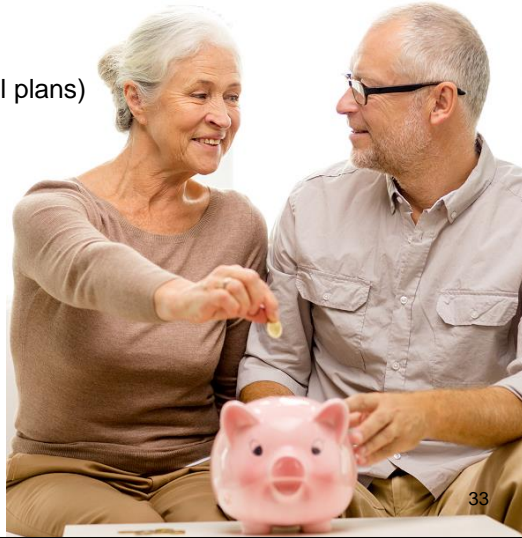
## Making contributions



Subscriber's property  
(no tax deduction)



\$50,000 lifetime limit  
(per beneficiary – across all plans)



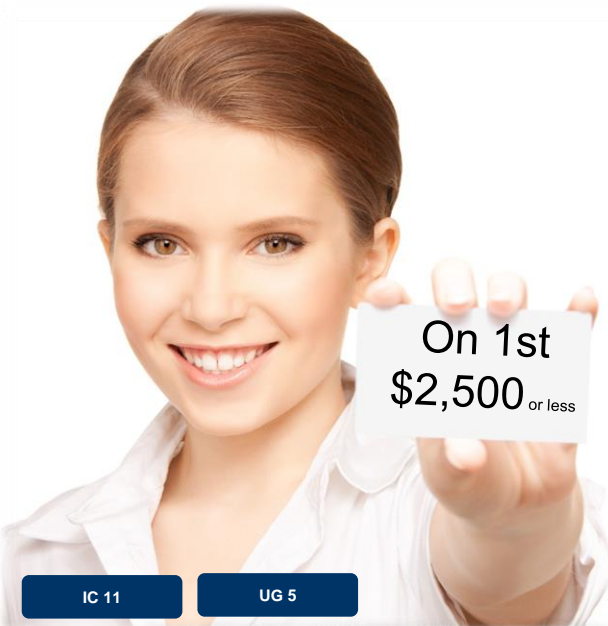
IC 10

CRA - RC 4092

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## The Basic CESG



IC 11

UG 5

34

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## The Additional CESG

+20%  
+10%

## Additional CESG

On 1st  
\$500<sup>or less</sup>

IC 11

UG 5

Tax bracket thresholds

35

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## CESG limits

\$500<sup>Basic</sup>  
\$100<sup>Additional</sup>  
Annual  
limit

\$1,000<sup>Basic</sup>  
With  
carry  
forward

\$7,200  
Lifetime  
max

Entitlements accumulate until Dec. 31 of the calendar year  
in which the beneficiary turns 17.

IC 11

IC 12

UG 5

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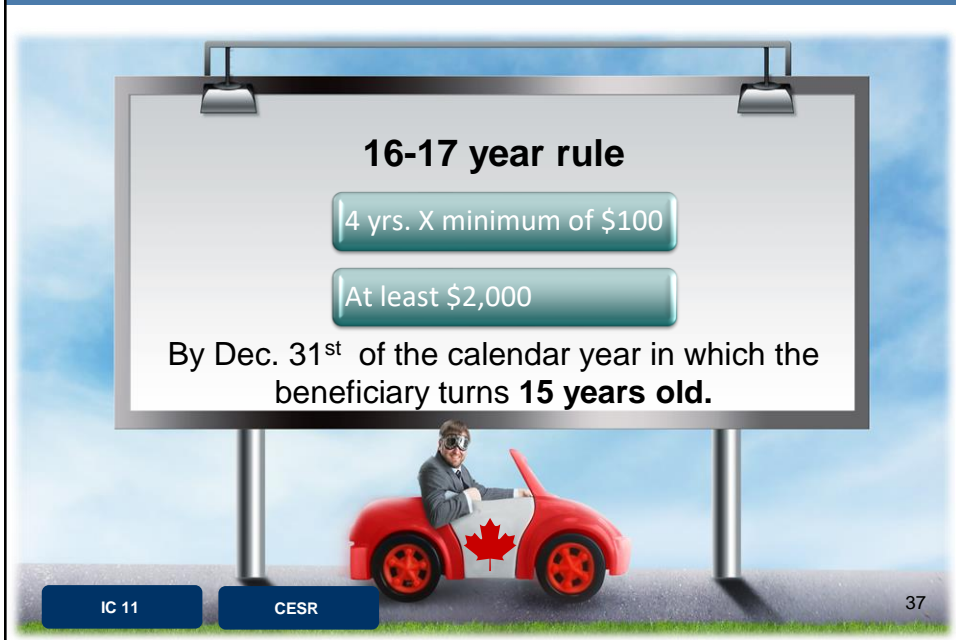
## The CESG 16-17 year rule

### 16-17 year rule

4 yrs. X minimum of \$100

At least \$2,000

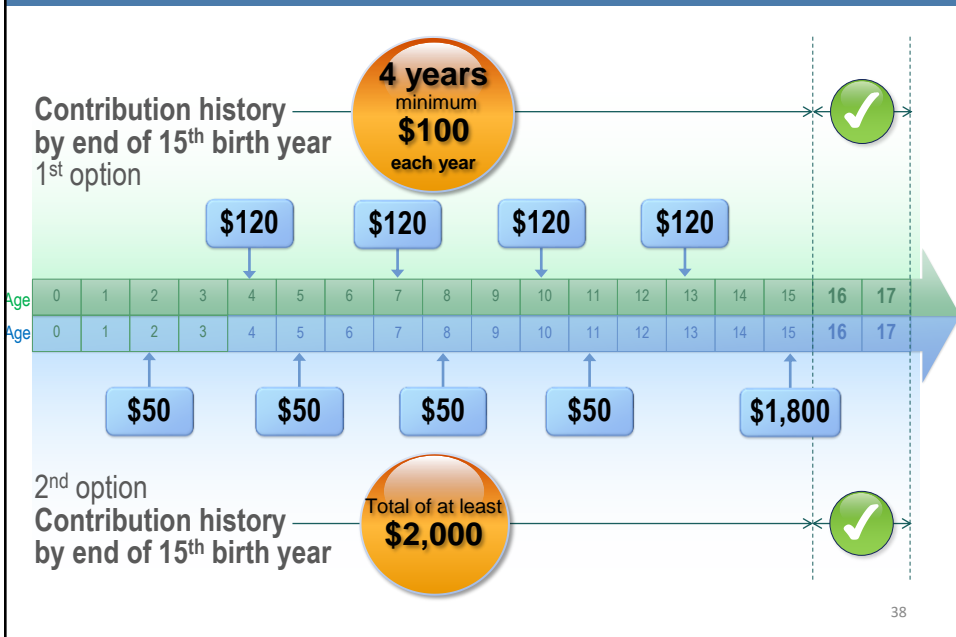
By Dec. 31<sup>st</sup> of the calendar year in which the beneficiary turns **15 years old**.



IC 11
CESR
37

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## The 16-17 year rule example



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## Basic CESG grant room and carry forward

- ? # of RESPs
- ⚙️ Recent transactions
- i Pending transactions

~~Promoter  
Subscriber~~

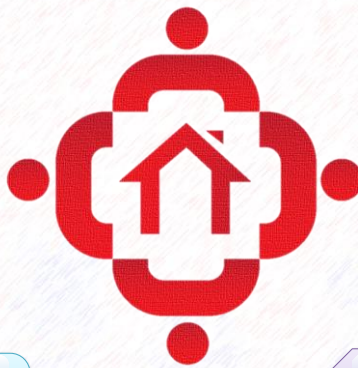


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## Children in care

Children's special allowance payment for the beneficiary



<b>Basic CESG</b> 20%	<b>Additional CESG</b> 20%
--------------------------	-------------------------------

**CLB**

<b>\$500</b> for the first eligible year	<b>\$100</b> per subsequent eligible year
---	--

**CESG**

UG 5

UG 6

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## Provincial incentives



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## British Columbia Training and Education Savings Grant

2006 or later

**\$1,200**

**For your education,  
payable to your RESP**

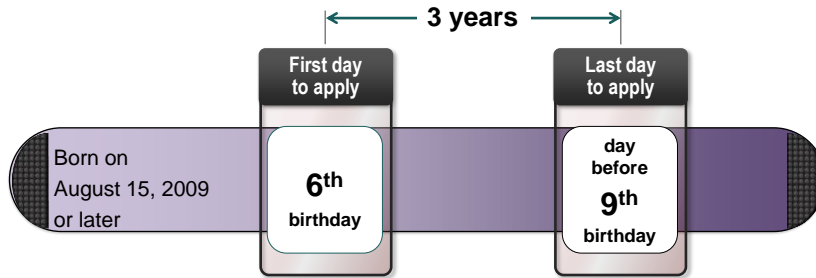
**AUGUST 2015**

IC 16 UG 7

**BRITISH COLUMBIA** <sup>42</sup>

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## Three years to apply for the BCTESG



IC 16

43

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## Making it grow – an example

**Contributions**  $\$1,200 / \text{year} \times 18 = \$21,600$

**Basic CESG**  $\$240 / \text{year} \times 18 = \$4,320$

**Additional CESG**  $\$100 / \text{year} \times 18 = \$1,800$

**BCTESG**  $\$1,200$  one time payment

**CLB**  $\$500 + \$100 \times 15 = \$2,000$


**Earnings**  $4\% \text{ growth} = \$12,070$

**\$42,990**

44

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Phase 3




# Taking funds out

3  
Taking out funds

45

Educational assistance payments (EAP)



Contribution

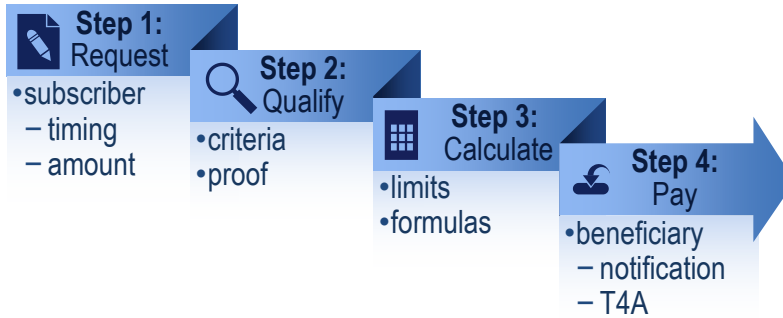
CLB  
+  
CESG  
+  
BCTESG  
+  
QESI  
+  
Earnings

EAP

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## EAP process overview



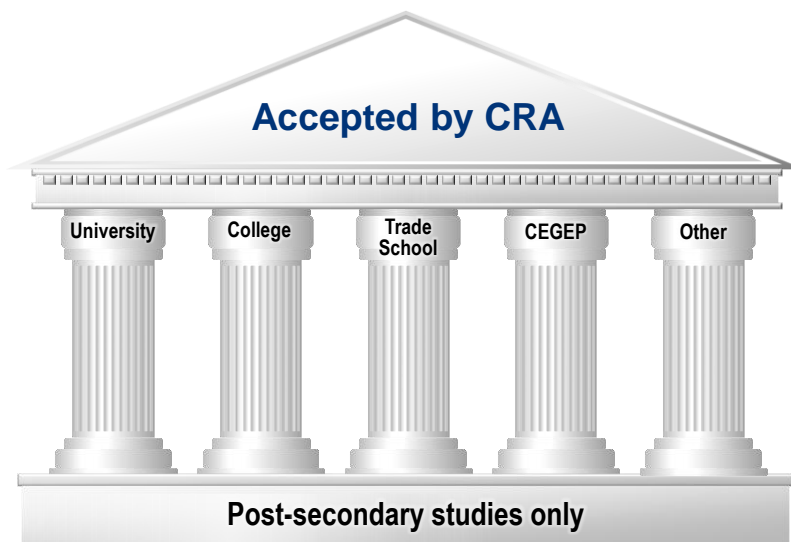
IC 13

UG 10

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## Educational institutions for EAP purposes



UG 10

CRA - IC93-3R2

CRA - RC4092

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## Full-time (qualifying educational program)

At least 3  
consecutive  
weeks

At least 10  
hours per  
week

S	M	T	W	T	F	S
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3



The program must last at least 13 consecutive weeks if it is outside Canada and not at a university.

CRA - IC93-3R2

CRA - RC4092

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## Part-time (specified educational program)

At least 3  
consecutive  
weeks

At least 12  
hours per  
month

S	M	T	W	T	F	S
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3



Students must also be at least 16 years old.

CRA - IC93-3R2

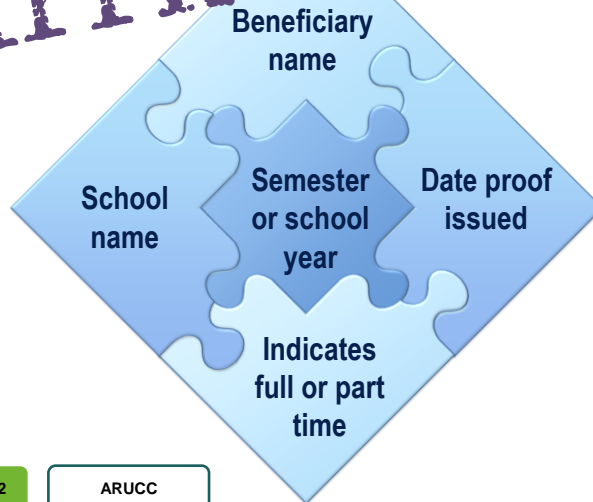
CRA - RC4092

50

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## Proof of enrollment

**APPROVED**



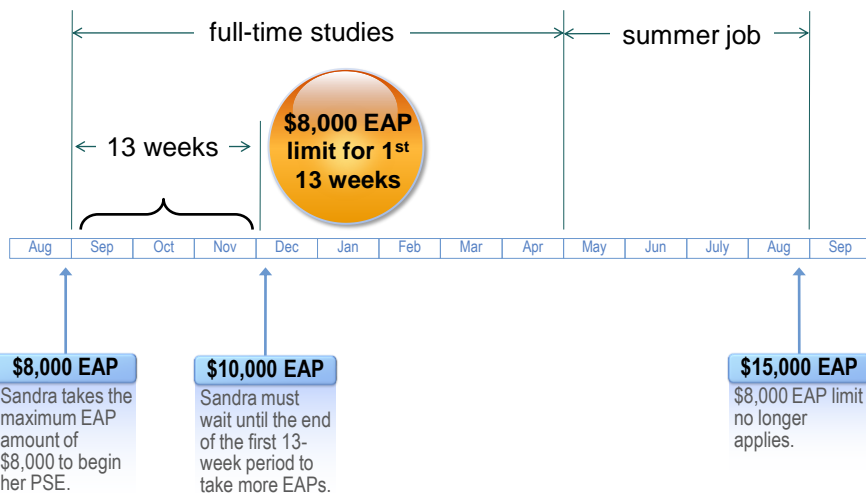
CRA - IC93-3R2

ARUCC

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## EAP limit for full-time studies



IC 13

UG 10

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## EAP limit for part-time studies

EAP requests:

Apr. 1 (\$1,000) ✓

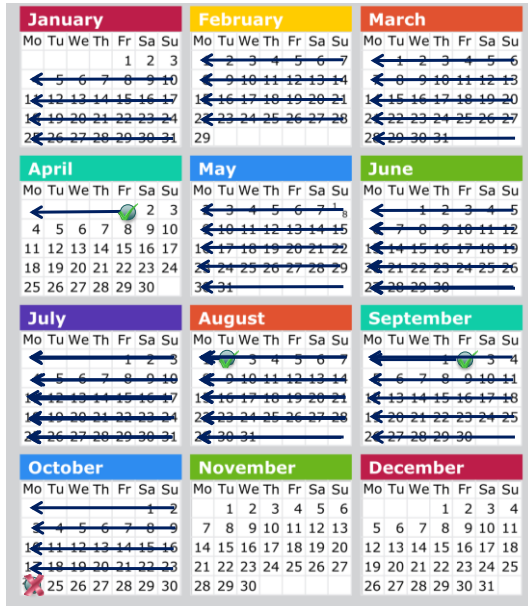
Aug. 2 (\$200) ✓

Sept. 3 (\$1,300) ✓

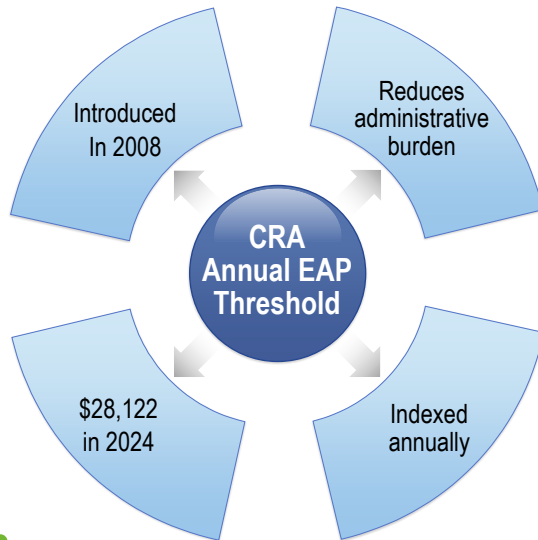
Oct. 24 (\$3,000) ✗



IC 13



## Reasonable EAP amounts



CRA – Bulletin 1R3

## Notional accounts used for EAPs



55

55

## Sharing amounts in family plans

CLB 



CESG Max: \$7,200 per beneficiary



CESG\*



BCTESG



EARNINGS

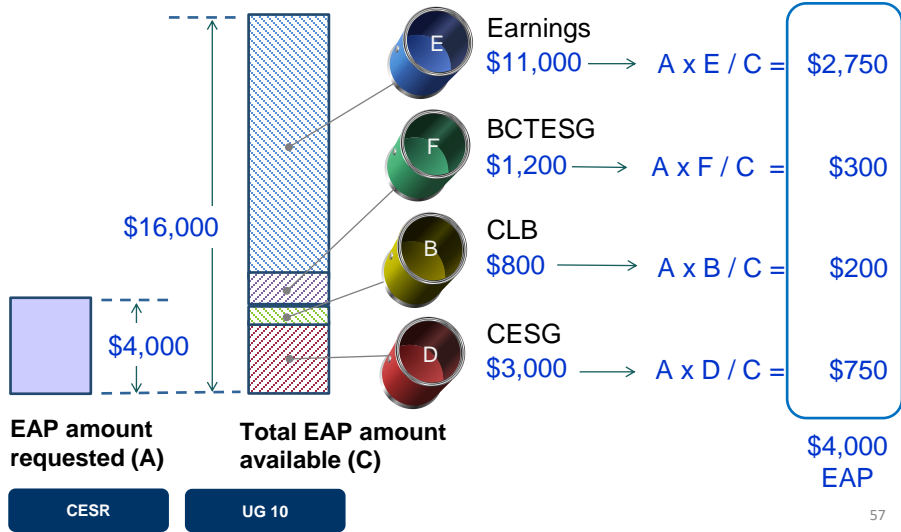
No  
limit

IC 7

56

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## EAP portion of each notional account



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## Canadian residency requirements for an EAP

**Beneficiary Canadian residency not required for these components:**

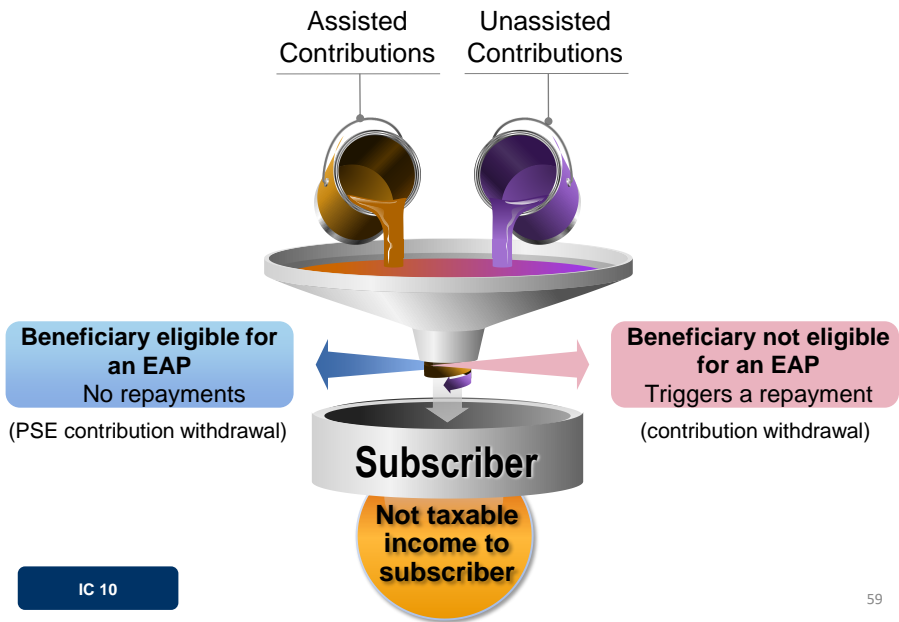
- Earnings
- BCTESG

**Beneficiaries must be a Canadian resident for these components:**

- CESG
- CLB

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## Contribution withdrawals



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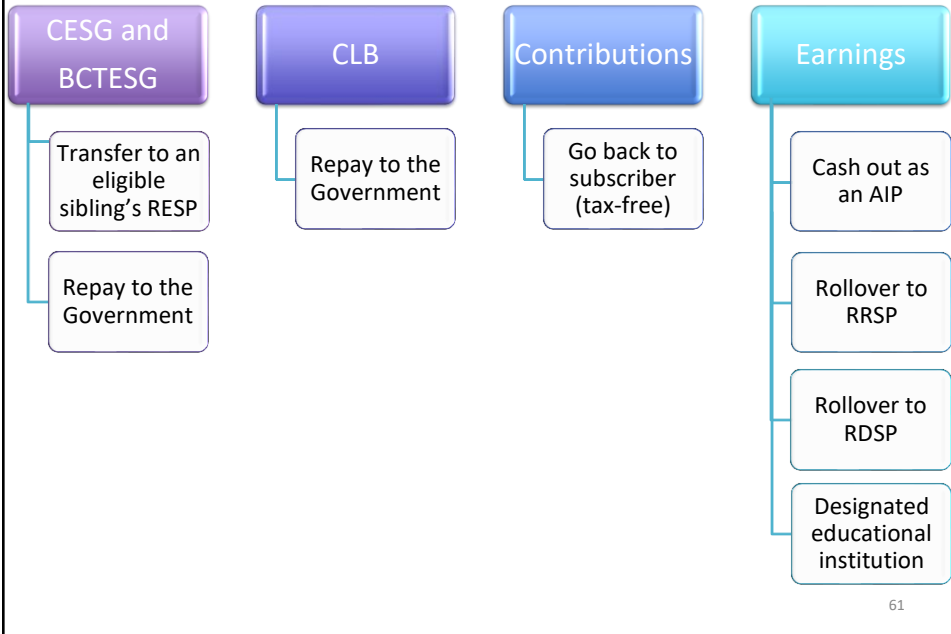
## What if PSE is not being pursued



60

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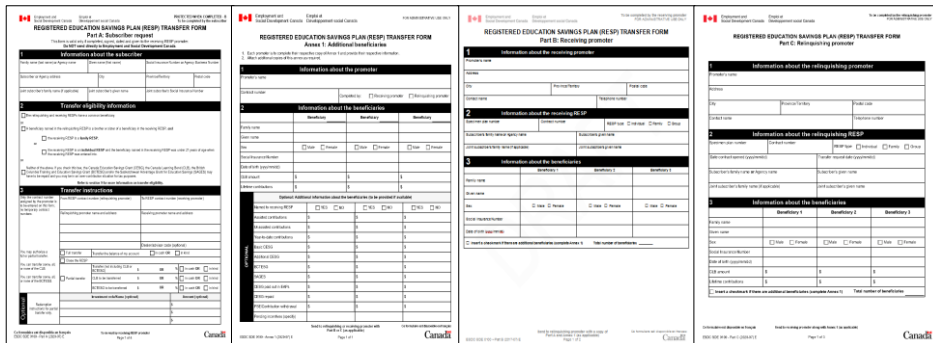
# What if PSE is not being pursued



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# Transfer form

[Canada.ca/RESPresources](https://Canada.ca/RESPresources) → Forms tab



**Part A**  
Subscriber

**Annex 1**  
Additional beneficiaries

**Part B**  
Receiving promoter

**Part C**  
Relinquishing promoter

InfoBulletins

UG 9

Forms

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# Transfers under the *Income Tax Act*

Canada Revenue Agency



Plans must be registered

No Accumulated Income Payment (AIP) has been made from the relinquishing plan



Relinquishing



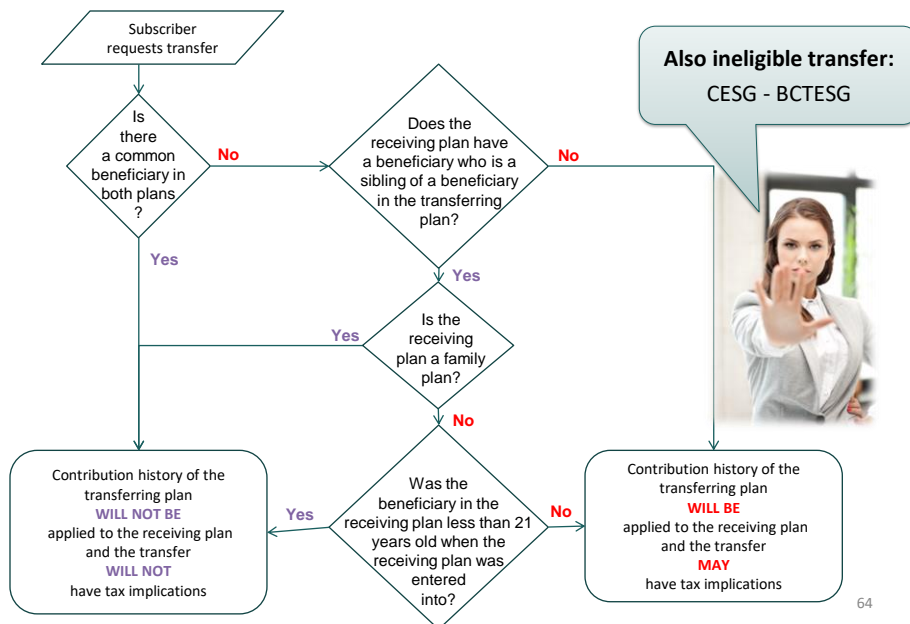
Receiving

CRA - IC93-3R2

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63

# Avoiding tax penalties - diagram



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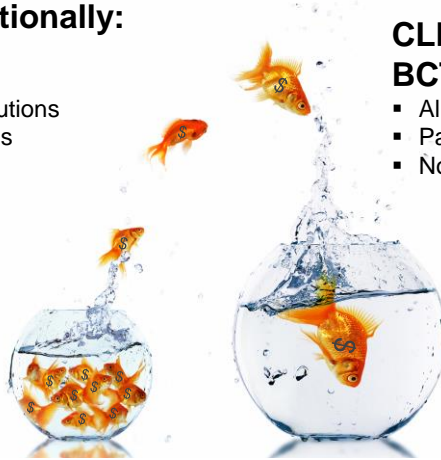
64



## Partial transfers

### Proportionally:

- CESA
- QESI
- Contributions
- Earnings



### CLB & BCTESG:

- All
- Part
- None

UG 9

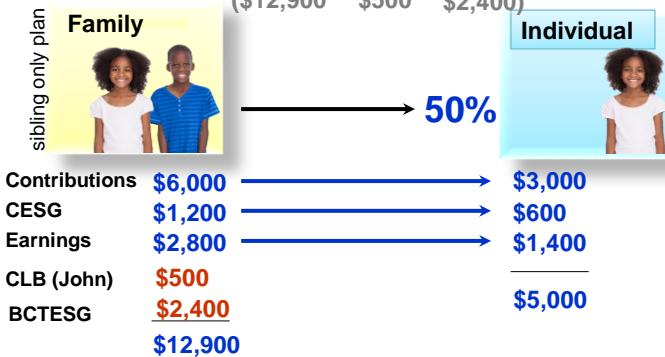
65

65

## Partial transfer example

$$\frac{\$5,000}{\text{Amount} + (\text{FMV} - \text{CLB} - \text{BCTESG})} = \text{Proportion}$$

$$\frac{\$5,000}{(\$12,900 - \$500 - \$2,400)} = 0.50$$



66

66

## Transfer eligibility

- Basic CESG
- Additional CESG
- CLB\*
- BCTESG

### Relinquishing



Receiving promoter has to offer incentive being transferred

### Individual



UG 9

### Family



sibling only plan

### Family



Cousin plan

67

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## Consequences of an ineligible transfer

Must repay the lesser of:

- the combined account balances for CESG, CLB and BCTESG of the relinquishing plan;

**and**

- the amount determined by the formula  $(C \times Y)/(Y + G)$

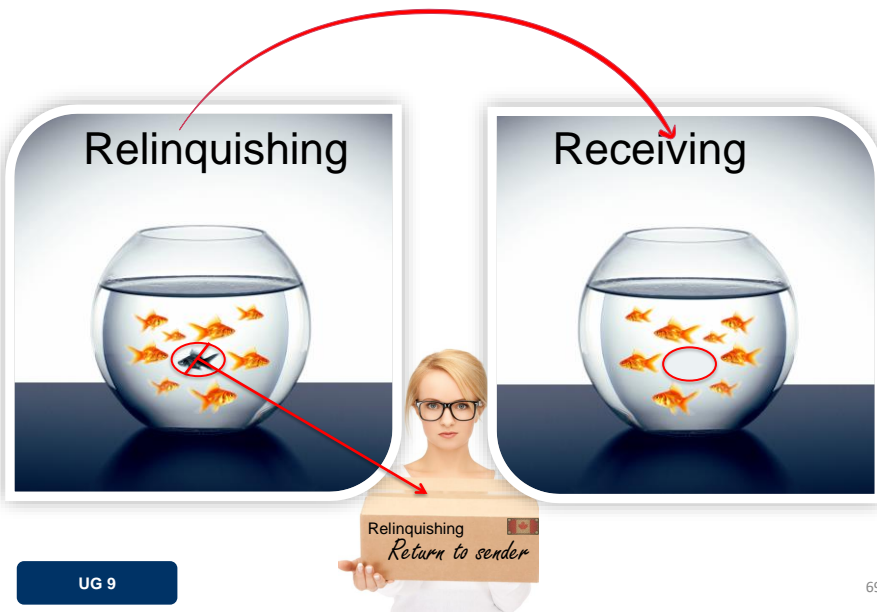


CESR 11(4) (b)

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## Pre-transfer repayment policy



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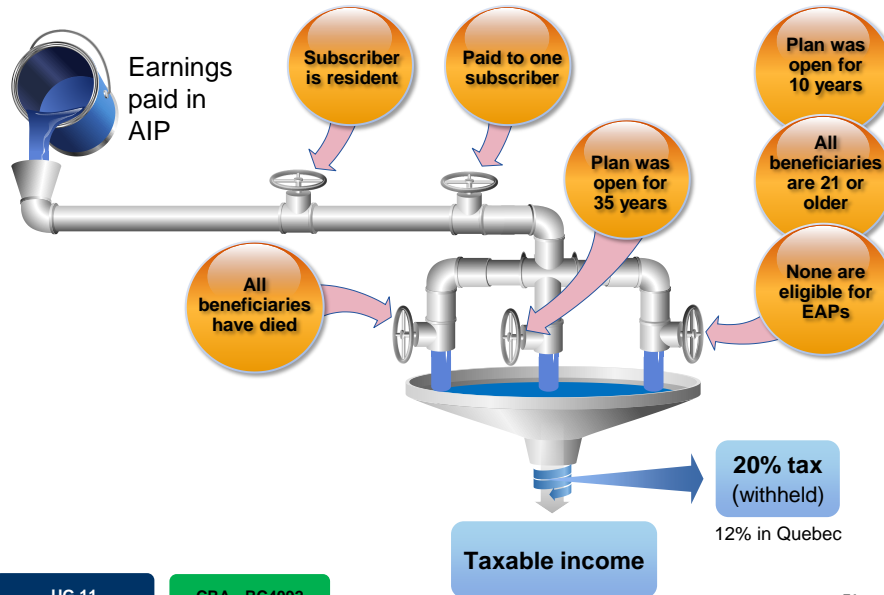
## A to B policy (for Additional CESH)

No repayment if...



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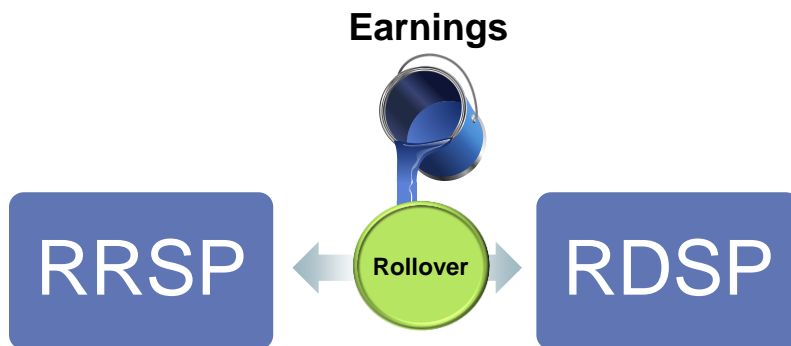
## Conditions for a subscriber to receive an AIP



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## Rollover earnings to an RRSP or RDSP



UG 11

CRA - RC4092

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## Payments to designated educational institutions



UG 11

CRA - RC4092

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## Topic 4

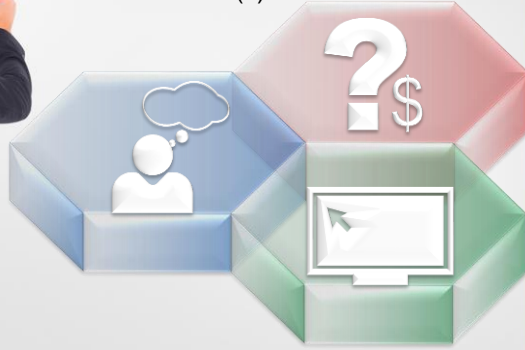
# Contribution withdrawals and repayments



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## Repayment process

- Identify circumstances
- Determine amounts
- Submit transaction(s)



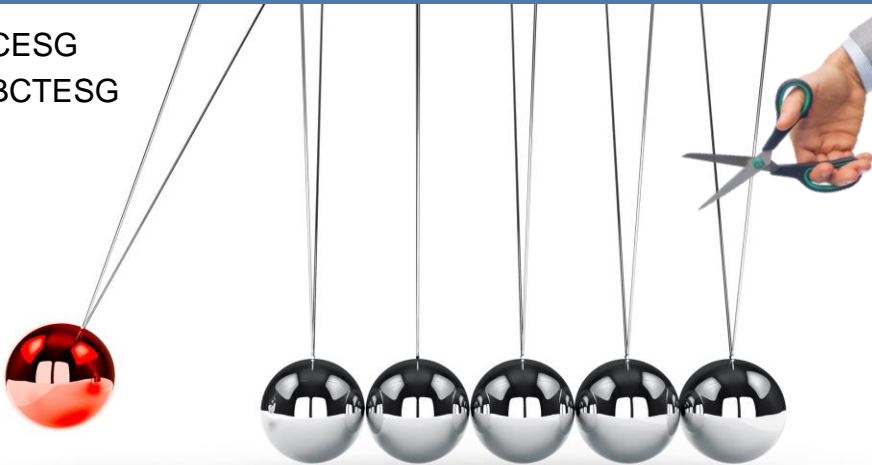
Appendix G.

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## Repayment consequences - grants

- ~ CESG
- ~ BCTESG



Not restored

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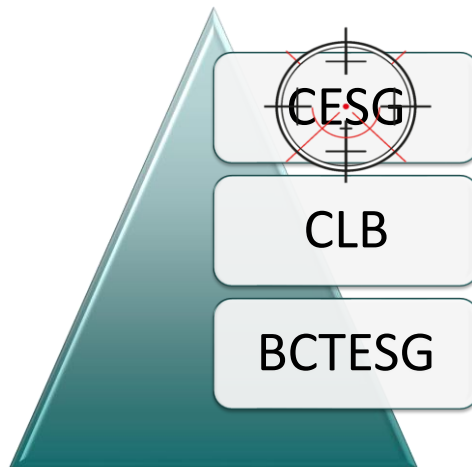
## Repayment consequences - CLB



- ~ Repaid CLB amounts are restored
- ~ Could be paid again into another RESP

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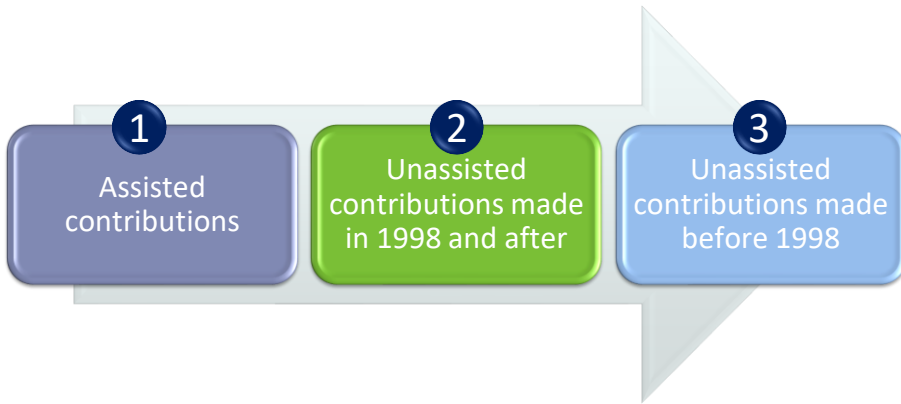
## Repayments due to contribution withdrawals



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## Order of contribution withdrawals

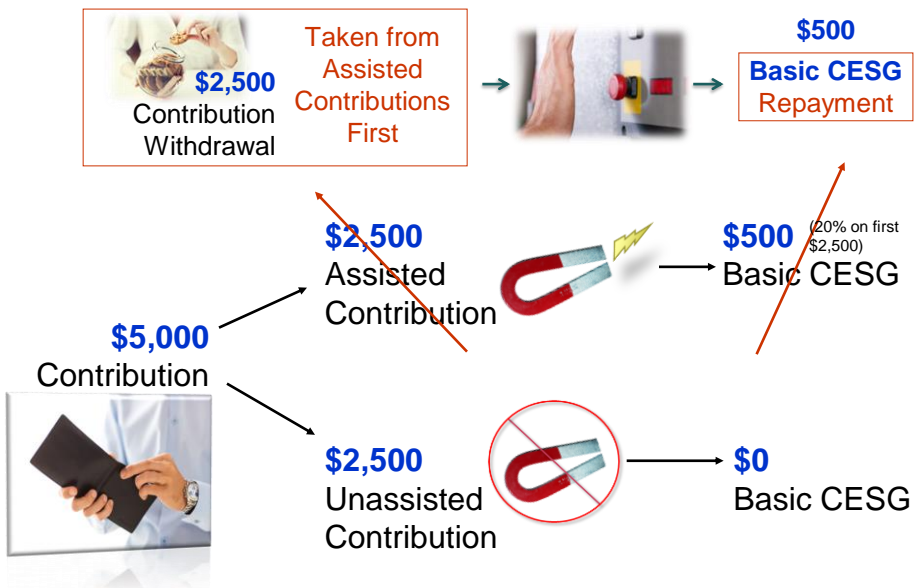


CESR 2 a) & b)

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## Example – order of contribution withdrawals



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## Contribution withdrawal - impact on CESG eligibility



Post March 22, 2004 contributions (Anti-Churning Rule)



Additional CESG for calendar year of withdrawal and the next two years



Basic CESG



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## CESG repayments for contribution withdrawals

$$A / B \times C$$

A = Balance in CESG account

B = Balance of total assisted contributions

C = Amount of assisted contributions withdrawn



IC 10

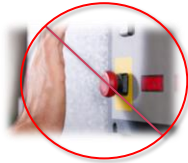
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## Contribution withdrawal - when repayments are not required



Beneficiary eligible for EAP



Correct overcontributions of \$4,000 or less

Form 0074

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## Other events leading to a repayment



The RESP is terminated



The registration for the RESP is revoked



An accumulated income payment (AIP) is made



A payment to a designated educational institution is made



An EAP is made to an individual who is not a beneficiary of the RESP



An ineligible transfer occurs



An ineligible beneficiary replacement occurs



Appendix G. Understanding repayments

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## Incentive specific repayment reasons

### One reason specific to Additional CESG & CLB

Adding a beneficiary, who is not a brother or sister, to a sibling-only RESP into which Additional CESG and or CLB was paid.

### Three reasons specific to BCTESG

1. All or part of the BCTESG was withdrawn from the RESP and not used as an EAP.
2. A beneficiary, who is not a sibling, is added to a sibling-only RESP after BCTESG was paid into the RESP.
3. An application for BCTESG contained false information.



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## Deceased or replaced beneficiaries

Repay the entire CLB account for **that** beneficiary

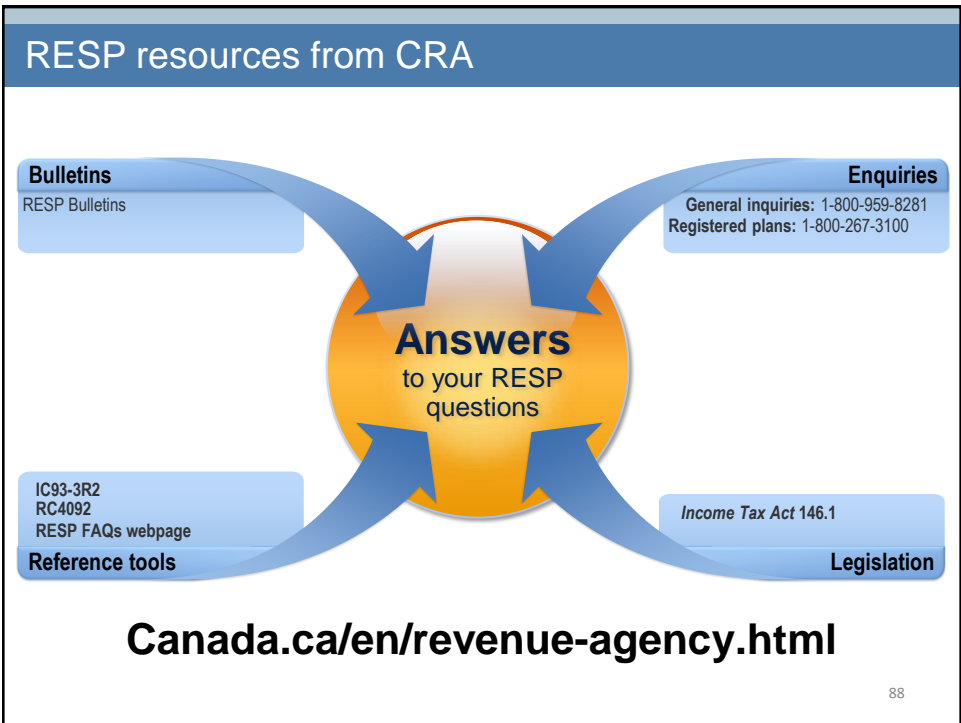


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