



FINANCIAL WISDOM

- WEALTH BUILDER -

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The Many Benefits of RESPs

As busy parents, just meeting your family's needs each day can eclipse thoughts of the future. Add to that juggling act the cost of running a home, daycare, mortgage and car payments, and it's easy to see how setting funds aside for a child's future education can become something you'll "do later" when you have the time and money. Your procrastination could result in a hefty price tag down the road, however. With tuition and expenses rising steadily, sending your child to university is projected to cost \$153,000 by the year 2039.¹ Not planning for that today could result in huge student loan debt for your child in the future. Sadder yet, the prohibitive cost could mean she might not go to university at all.

There is good news, however. Registered Education Savings Plans (RESPs) are excellent savings tools created just for this purpose. They're simple, offer many advantages, and there's no time like the present to get started. Here are just a few benefits of RESPs:

Simple to Start

All you need to do to get started is connect with a financial advisor. Your advisor can explain the types of RESPs and help you decide what's best for your situation.

Flexible Investment Options

You can work with your financial advisor to choose investments for your RESP that suit your objectives, risk tolerance and timeline.

Government Savings Grants

The federal government adds up to \$500 to your RESP savings each year through the Canada Education Savings Grant.

Your family may also qualify for up to \$2000 through the Canada Learning Bond, and there may be provincial grants available, depending on where you live. It's not as overwhelming as it sounds, and your financial advisor can show you how straightforward it is.

RESPs Grow Tax-Free

You don't pay taxes on any investment earnings as long as they stay in the RESP, which means that your savings can grow faster. Once your child has started university, she will be taxed on withdrawals, but since she'll likely have little or no income while going to school, taxes paid should be minimal, if any.

Friends and Family Can Contribute

Grandparents, relatives or family friends can contribute to or open an RESP for a child. However, it's important to note that while a child can have an unlimited number of RESPs, there is a lifetime contribution limit of \$50,000 per child.

RESPs Can Be Delayed or Transferred

RESPs can be open for 36 years, offering your child lots of time to use them after high school. If she decides not to go to university, you have options to rename the beneficiary.

Looking to save for your child's education? We can help!

Wayne or Ryan Stephenson, Senior Financial Advisors, Manulife Securities Incorporated

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