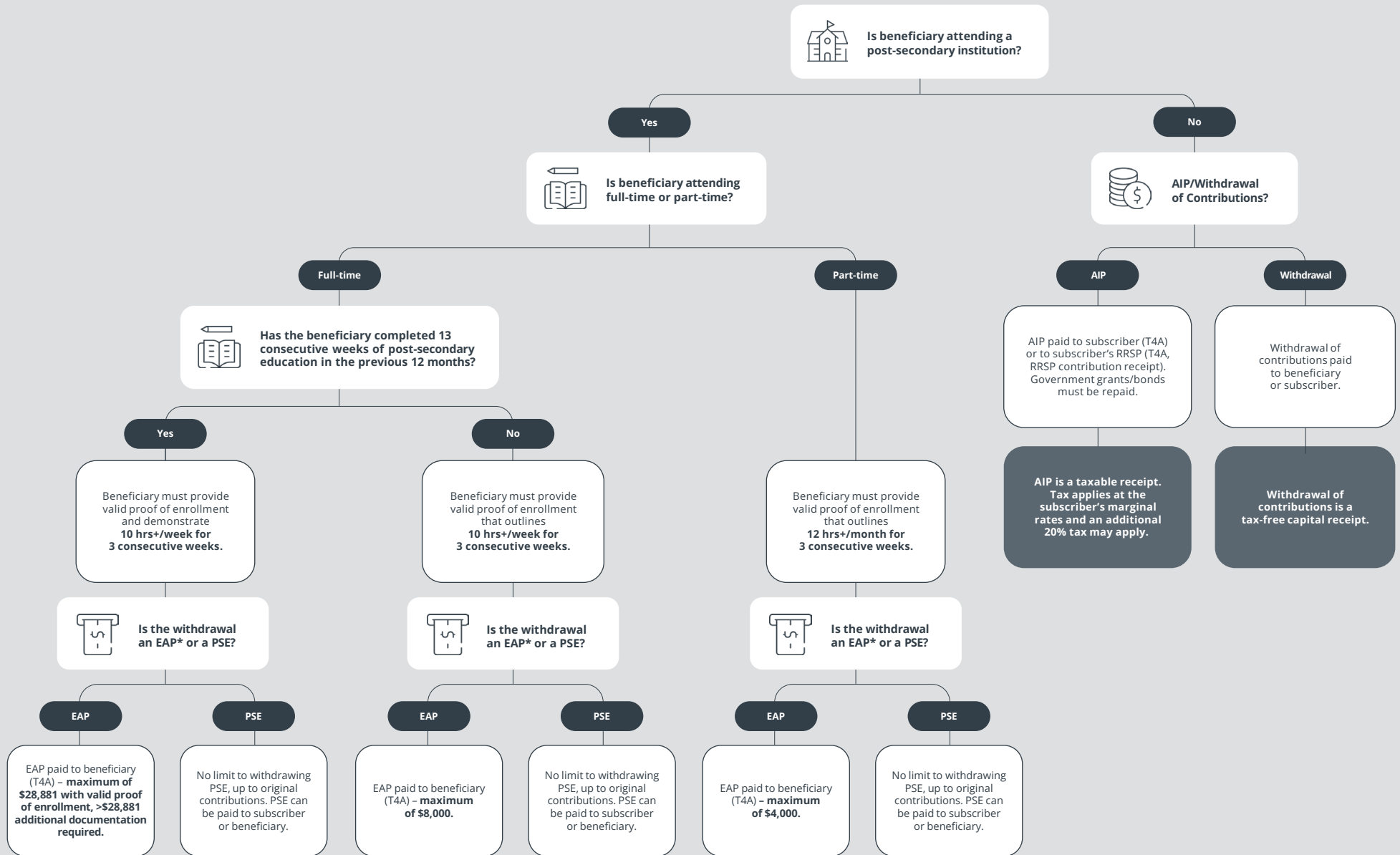


ADVANCED WEALTH PLANNING GROUP

# RESP Withdrawal Decision Tree



Withdraw EAP, a taxable receipt, to utilize beneficiary's lower marginal tax brackets and education credits. Withdraw PSE for tax-free capital receipt.

\* EAPs can generally be taken up to 6 months after enrollment in a qualifying post-secondary program ends.

## GLOSSARY

### **Canada Education Savings Grant (CESG):**

Employment and Social Development Canada (ESDC) provides an incentive for parents, family and friends to save for a child's post-secondary education by paying a grant based on the amount contributed to an RESP for the child. CESG funds will be deposited directly into the child's RESP. ESDC pays 20% of annual RESP contributions made to an eligible RESP for a qualifying beneficiary to a maximum of \$500 (\$1,000 in CESG if there is unused grant room from a previous year), and a lifetime limit of \$7,200.

### **Accumulated Income Payment (AIP):**

Withdrawal of income/gains/earnings generated on RESP funds (contributions/CESG/CLB/provincial education supports) while beneficiary is NOT enrolled at a post-secondary institution and not eligible to receive an educational assistance payment (EAP).

### **Post-secondary Education (PSE) Withdrawal:**

Withdrawal of RESP contributions while beneficiary is enrolled at a post-secondary institution/eligible to receive EAP. This tax-free receipt can be paid to beneficiary or subscriber.

### **Canada Learning Bond (CLB):**

ESDC provides an additional incentive of up to \$2,000 to help low-income families start saving early for their child's post-secondary education. The CLB will be deposited directly into the child's RESP. The CLB is available for eligible children from low-income families born in 2004 or later and provides an initial payment of \$500 for the first year the child is eligible, plus \$100 for each additional year of eligibility, up to age 15, for a maximum of \$2,000. Personal contributions are not required to receive the CLB.

### **Educational Assistance Payment (EAP):**

Consists of CESG, CLB, provincial education supports and any income/gains/earnings generated on RESP funds (contributions/CESG/CLB/provincial education supports).

### **Withdrawal of Contributions:**

Withdrawal of RESP contributions while beneficiary is NOT enrolled at a post-secondary institution and not eligible to receive EAP. This tax-free receipt can be paid to beneficiary or subscriber.