

Frequently Asked Questions (FAQ)

Why is it important to save for a child's post-secondary education?

Research indicates that children with education savings are more likely to attend and complete education after high school (post-secondary education or PSE) and graduate with less debt. Furthermore, any amount of savings has a greater impact on the attitudes and behaviours of children towards PSE than the actual amount saved.

What is a Registered Education Savings Plan?

A Registered Education Savings Plan (RESP) is a contract between a subscriber (i.e. the person opening the RESP) and a promoter (i.e. the organization that offers the RESP). The subscriber names one or more beneficiaries to the RESP and may make personal contributions on their behalf. Anyone can open an RESP and name a beneficiary (i.e. the subscriber does not have to be the parent). The savings in an RESP grow tax-free until they are withdrawn to help pay for the costs of education after high school.

What is the Canada Learning Bond?

The Canada Learning Bond (CLB) is available to eligible beneficiaries born on or after January 1, 2004, from low-income families or for whom benefits are payable under the *Children's Special Allowance Act*. The CLB provides an initial payment of \$500 in an RESP, and \$100 for each subsequent benefit year of eligibility, up to the benefit year in which the beneficiary turns 15, to a maximum of \$2,000. Contributions are not required to receive the CLB.

The CLB is retroactive. You can request it for an eligible child up to the age of 21 and they can still receive the entire amount, up to \$2,000, for which they have accumulated eligibility.

To be eligible for the CLB, a child must be from a low-income family, and:

- be born on or after January 1, 2004;
- be a resident of Canada;
- have a valid Social Insurance Number; and,
- be named as a beneficiary to a Registered Education Savings Plan.

The child's primary caregiver (PCG) and the spouse or common-law partner of the PCG can request the CLB on behalf of an eligible child. The PCG is the person who is eligible to receive the Canada Child Benefit in the child's name. In addition, the child's PCG must have applied for the Canada Child Benefit for the child through the Canada Revenue Agency and must continue to file income tax returns, allowing eligibility to be established.

Children in Care are automatically eligible for the CLB.

How can a child receive the Canada Learning Bond?

The CLB can be requested for a child in two steps:

- 1) ensure the child, the PCG or the spouse or common-law partner of the PCG have a Social Insurance Number (SIN). Go to canada.ca/social-insurance-number or call 1-800-622-6232 to find out how.
- 2) make an appointment with the bank or another financial organization that offers RESPs and the CLB. Bring the Social Insurance Numbers to the financial organization, which will take care of the rest. The Government of Canada will deposit the CLB into the RESP for the child about one month later.

When can adult beneficiaries apply for the CLB for themselves?

Adult beneficiaries between 18 and 20 years of age can apply for the CLB themselves if they were born in 2004 or after. They can apply for the CLB until the day before they turn 21 years of age.

Can a primary caregiver, their cohabiting spouse or their common-law partner apply for a beneficiary who is between 18 and 20 years of age?

No, the adult beneficiary must apply themselves.

Are all individuals born on or after January 1, 2004, eligible to apply for the CLB?

Yes. The CLB is an education savings incentive for eligible individuals born on or after January 1, 2004. CLB-eligible children will begin to reach 18 years of age in 2022 and depending on the promoter's age requirements for opening an RESP in their province or territory, should be able to apply for the CLB for themselves as per existing provisions of the *Canada Education Savings Act*.

Can adult beneficiaries apply for the CLB retroactively?

Yes, ESDC captures all eligible years of CLB amounts as they accumulate for each child, even when the child has not been named as the beneficiary of an RESP.

What is the Canada Education Savings Grant?

The Canada Education Savings Grant (CESG) consists of a basic grant of 20% payment on the first \$2,500 of contributions made into an RESP and is available to families of all income levels, as well as the additional amount of the CESG (Additional CESG), which is:

- an additional 20% on the first \$500 of annual contributions for children from families with an adjusted income of \$49,020 or less; or
- an additional 10% on the first \$500 of annual contributions for children from families with an adjusted income greater than \$49,020 and up to \$98,040.

The CESG is available on contributions made until the end of the calendar year in which the beneficiary turns 17, and the maximum lifetime amount, including the

Additional CESG, is \$7,200.

Why does the Government of Canada encourage individuals to open Registered Education Savings Plans?

The Government of Canada encourages individuals to use RESPs to save for a child's post-secondary education (PSE), which includes full- or part-time studies at a trade school, CEGEP, college, university, or in an apprenticeship program.

Using an RESP allows for access to the education savings incentives: namely, the CESG, and, for children from low-income families, the CLB. Provincial education savings incentives may also be available.

Education savings incentives reinforce the importance of planning early for PSE. They help build savings for PSE, and contribute to making PSE more affordable by reducing reliance on loans, and reinforce aspirations for PSE through asset building and savings.

Where should people go for information on Registered Education Savings Plans and education savings incentives?

For more information visit Canada.ca/education-savings, call 1 800 O-Canada (TTY 1-800-926-9105), or visit a Service Canada Centre near you.

By the numbers

Registered Education Savings Plans (RESP)

- As of December 31, 2020, over \$69.9 billion was held in RESP assets.
- In 2020, \$3.9 billion was withdrawn from RESPs for 419,898 students to help pay for their post-secondary education.
- \$5.2 billion in personal contributions were made into RESPs in 2020.

Canada Learning Bond (CLB)

- Since the introduction of the CLB in 2005, the Government of Canada has provided 1.6 million children with nearly \$1.6 billion in CLB for their future post-secondary education.
- In 2020, there were over 136,460 children who received the CLB for the first time.
- A total of \$152 million in CLB payments were made in 2020.
- As of December 31, 2020, the CLB take-up was at 41.9%. However, more than 2.2 million children were eligible but did not receive the CLB.

Canada Education Savings Grant (CESG)

- Since 1998, the Government of Canada has paid out over \$14.6 billion in CESG to 3.9 million beneficiaries.
- In 2020, almost 248,978 children received the CESG for the first time.
- \$1.0 billion in CESG payments were made into RESPs in 2020.
- Close to 53.9% of children in Canada under the age of 18 have benefited from a CESG.