

How an RESP can help grow your education savings

Below are two families who want to begin saving for their children's education. Let's see how opening an RESP and receiving government bonds and grants helps them grow their education fund.

Family 1: Marie and Sara

Marie is grandmother to a 10-month old. Marie's daughter Sara is the primary caregiver to the child and a single mother. Marie decides to open an individual RESP for her grandchild. She is not able to make any contributions right now, but plans to set aside money starting next year. Based on Sara's household income, the child qualifies for the Canada Learning Bond (CLB).

Marie's contribution: \$0

Government incentives: CLB: \$500

Even though the family is not yet able to put any money in the RESP, they are able to receive \$500 to begin growing an education fund. They will continue to receive an additional \$100 every year for as long as the child qualifies for the CLB. When they start making contributions into the RESP, the child will receive even more grants from the government. All of this money will also earn interest while kept in the RESP.



Family 2: John and Andi

John and Andi are parents to three children, ages 12, 11 and 9. They decide to open a family RESP and to contribute \$250 per year for each child. Based on their household income this year, they qualify for the Canada Learning Bond (CLB) and the additional Canadian Education Savings Grant (CESG).

John and Andi's contribution for each child: \$250

Government incentives for each child:

- **CLB: \$500**
- **Basic CESG: 20% of \$250 = \$50**
- **Additional CESG: 10% of \$250 = \$25**

Based on our example, each child received \$575 in their RESP this year from government grants and bonds. Each child might actually receive even more because the CLB is retroactive. This means that even though the family had only opened the RESP and applied for the CLB this year, the government will pay an additional \$100 for each child for all the previous years qualified.

