

Education savings

Glossary

Beneficiary: the individual who receives the money put into an RESP.

Capital: the initial amount of money invested.

Capital gain: the increase in value of an investment when it is sold for a higher price than the original purchase price.

Contribution: an amount of money put into an RESP.

Education assistance payment (EAP): the amount paid to a beneficiary from an RESP, made up of investment earnings and government grant money.

Financial institution: a company that deals with monetary transactions and provides different financial products, including RESPs. They can be banks, credit unions, mutual fund companies, investment firms, or trust companies.

Investment: an asset that is purchased with the idea that it will provide income in the future or bring profit by being sold at a higher price.

Investment income: profit through investments, such as interest payments, dividends, collected capital gains and others.

Primary caregiver (PCG): the person primarily responsible for the care and upbringing of a child. An individual PCG as defined as the person eligible to receive the Canada child benefit (CCB) payment for the child as defined under the Income Tax Act.

Promoter (sometimes called provider): a company that sets up your RESP, usually a financial institution or a scholarship plan dealer. They pay out the money (contributions made into the plan and the income earned on the contributions under the plan) to the beneficiary.

Refundable tax credit: a credit that will be paid to you if you are eligible after filing a tax return.

Registered savings plan: savings plans registered with the Canada Revenue Agency (CRA) that provide some tax benefits, such as deferring the taxes that you have to pay to a later date, or not tax you on the earnings within the account.

Registered Disability Savings Plan (RDSP): a matched savings plan for people with disabilities.

Registered Education Savings Plan (RESP): a dedicated savings plan for post-secondary education.

Scholarship plan dealer: a company that sells only RESPs, specializing in group RESPs.

Subscriber: the individual who makes contributions into an RESP.