



Canada

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TYPES OF REGISTERED EDUCATION SAVINGS PLANS

Did you know? There are 3 basic types of Registered Education Savings Plans (RESPs): Individual Plans, Family Plans and Group Plans. An RESP is a special savings plan that can help you, your family, or friends save for a child's education after high school.

What you need to know

- Some plans require automatic or monthly deposits and some don't.
- Plans with minimum monthly deposits have different minimums.
- Some plans have service charges and some don't.
- Some plans invest in GICs/savings accounts, while others invest in the stock market which is more risky.
- You need to consider how much risk you are willing to take.
- Some plans have consistently shown better annual returns (more \$ in your RESP) than other plans.

Types of Plans

Individual Plans: Any one can open an individual RESP and anyone can contribute to it. This includes parents, grandparents, aunts, uncles and friends. You can even contribute to an individual plan for yourself.

Family Plans: Can have one or more beneficiaries (student), but each beneficiary must be related to the contributor. The beneficiaries must be under 21 when they're named. Contributions can only be made until a beneficiary turns 21.

Group Plans are also known as Pooled Funds: Offered by Group Plan Dealers and known as Scholarship Trusts. Each plan has its own rules. There are both pros and cons of this type of plan versus the individual or family plan.

Service Fees: Some RESP providers charge service fees and some do not. Some may also limit the amount of money you can put into a plan and tell you how often you can contribute.

Other things to consider: How long before your child goes on to post secondary education? This factor may help you decide what kind of plan to choose.

Solutions

- ✓ Contact your local Independent Living (IL) Centre for more information. Find a Centre near you at www.ilcanada.ca or call 1-613-563-2581.
- ✓ Go to government websites to learn more. One good site is http://www.hrsdc.gc.ca/en/learning/education_savings/index.shtml
- ✓ Shop around before you open an account. Service charges and plans differ. Find the one that best suits your needs.
- ✓ Be informed and go to Information Sheet #7 for pertinent questions to ask.

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