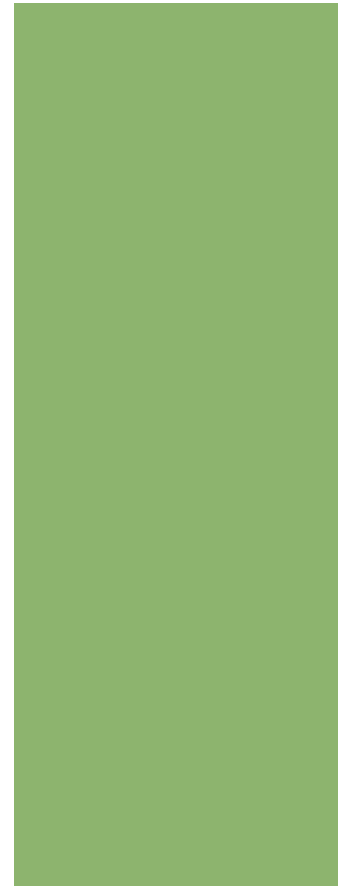




**FINANCIAL
LITERACY SERIES**

EACH ONE | TEACH ONE

PARTICIPANT HANDBOOK



Introduction to Registered Education Savings Plans (RESPs)

An **Each One, Teach One: Financial Literacy** workshop

What to expect today

Basic money skills are the foundation of a healthy and stable relationship with your money.

What is financial literacy?

Financial literacy is having the skills, **knowledge** and **confidence** to make good decisions with your money. In other words, it's understanding **how money works** in the world: how to **earn** it, **manage** it, **save** it, **invest** it, **spend** it and **donate** it.

How to get the best results from the workshop

- ✓ Follow along, participate in all of the exercises and write in this handbook.
- ✓ Once you're back at home, take some time to go over your notes and highlight the areas you'd like to take action on.
- ✓ Then – take action! Use what you learn to achieve your financial goals.

What we'll cover today

- ✓ What an RESP is and how they work
- ✓ How to decide what kind of RESP is best for your family
- ✓ Free money to help grow your RESP
- ✓ Much more!

What is one thing you hope to learn today?

How could the information you learn today improve your life?



Government grants

Take advantage of free money that could grow your child's RESP.

Exercise

Using what you've learned about RESPs, which grants might you want to apply for?

Grant	Looks good because ...	Questions I need answered

Canada Learning Bond with \$0 contributions

Age	CLB	\$0/year	CESG (20% match)	ACESG (10-20% extra)	Total \$ deposited to RESP	Interest @ 2% compounded annually	Cumulative RESP Account Balance
Birth	\$500	\$0	\$0	\$0	\$500	\$10	\$510
1	\$100	\$0	\$0	\$0	\$100	\$12.20	\$622.20
2	\$100	\$0	\$0	\$0	\$100	\$14.64	\$736.64
3	\$100	\$0	\$0	\$0	\$100	\$16.74	\$853.38
4	\$100	\$0	\$0	\$0	\$100	\$19.06	\$972.44
5	\$100	\$0	\$0	\$0	\$100	\$21.45	\$1,093.89
6	\$100	\$0	\$0	\$0	\$100	\$23.88	\$1,217.77
7	\$100	\$0	\$0	\$0	\$100	\$26.36	\$1,344.13
8	\$100	\$0	\$0	\$0	\$100	\$28.82	\$1,473.01
9	\$100	\$0	\$0	\$0	\$100	\$31.46	\$1,604.47
10	\$100	\$0	\$0	\$0	\$100	\$34.09	\$1,738.56
11	\$100	\$0	\$0	\$0	\$100	\$36.77	\$1,875.33
12	\$100	\$0	\$0	\$0	\$100	\$39.51	\$2,014.84
13	\$100	\$0	\$0	\$0	\$100	\$42.30	\$2,157.13
14	\$100	\$0	\$0	\$0	\$100	\$45.14	\$2,302.27
15	\$100	\$0	\$0	\$0	\$100	\$48.05	\$2,450.32
16		\$0	\$0	\$0		\$49.01	\$2,499.33
17		\$0	\$0	\$0		\$49.99	\$2,549.32
Totals	\$2000	\$0	\$0	\$0	\$2000	\$549.32	\$2,549.32

Canada Learning Bond with \$1 per day contributions

Age	CLB	\$1/day or \$365/year	CESG (20% match)	ACESG (10-20% extra)	Total \$ deposited to RESP	Interest @ 2% compounded annually	Cumulative RESP Account Balance
Birth	\$500	\$365	\$73	\$73	\$1011	\$20.22	\$1,031.22
1	\$100	\$365	\$73	\$73	\$611	\$32.84	\$1,675.06
2	\$100	\$365	\$73	\$73	\$611	\$45.72	\$2,331.78
3	\$100	\$365	\$73	\$73	\$611	\$58.85	\$3,001.63
4	\$100	\$365	\$73	\$73	\$611	\$72.25	\$3,684.88
5	\$100	\$365	\$73	\$73	\$611	\$85.91	\$4,381.79
6	\$100	\$365	\$73	\$73	\$611	\$99.85	\$5,092.64
7	\$100	\$365	\$73	\$73	\$611	\$114.07	\$5,817.71
8	\$100	\$365	\$73	\$73	\$611	\$128.57	\$6,557.28
9	\$100	\$365	\$73	\$73	\$611	\$143.36	\$7,311.64
10	\$100	\$365	\$73	\$73	\$611	\$158.45	\$8,081.09
11	\$100	\$365	\$73	\$73	\$611	\$173.84	\$8,864.93
12	\$100	\$365	\$73	\$73	\$611	\$189.51	\$9,665.44
13	\$100	\$365	\$73	\$73	\$611	\$205.52	\$10,481.96
14	\$100	\$365	\$73	\$73	\$611	\$221.85	\$11,314.81
15	\$100	\$365	\$73	\$73	\$611	\$238.51	\$12,164.32
16		\$365	\$73	\$73	\$511	\$253.50	\$12,928.82
17		\$365	\$73	\$73	\$511	\$268.79	\$13,708.61
Totals	\$2000	\$6,570	\$1,314	\$1,314	\$11,198	\$2874.86	\$13,708.61

Best type of RESP for my family

Explore the pros and cons of different types of RESPs.

Exercise

How many children (or beneficiaries) would you like to provide educational help for?

Consider how that will affect your decision.

Using what you've learned about RESPs, what are the pros and cons of each type of RESP for your family?

Type of RESP	Pro	Con
Individual		
Family		
Group		

What qualifies as a post-secondary institution?

Many different kinds of institutions qualify as post-secondary, but not all.

Exercise

Complete the table below by indicating whether you think the listed institution qualifies as a post-secondary institution for RESP purposes.

Institution	Does it qualify?
Memorial University of Newfoundland (Canada)	
Hong Kong University (Hong Kong)	
Academy of Excellence in Hair Design (Canada)	
Art Institute of California (USA)	
BC Helicopters Ltd. (Canada)	
University of Mazandaran (Iran)	
Pre-Apprenticeship Training Institute (Canada)	
London Film School (UK)	
Alberta School of Dog Grooming (Canada)	
City College of Chicago (USA)	
Dayanand Medical College (India)	

Many different kinds of institutions qualify as post-secondary. The Resource page has a link to the full list of eligible schools, updated monthly by the government of Canada.

Useful resources

This workshop is an introduction and may raise many new questions. The organizations listed here are a good place to go for answers.

Useful websites

CanLearn

Government of Canada site with information about RESPs, student loans, grants and search tools to help Canadian students find and pursue post-secondary education
www.canlearn.ca

Government of Canada

List of designated educational institutions
www.esdc.gc.ca/en/post_secondary/designated_schools.page

SmartSaver

RESP information in multiple languages, along with useful calculators
<http://www.smartsaver.org/startmyresp-calculator/#/main/en>

Questions to ask before you sign an RESP contract

1. Where do I open the RESP account?
2. What documents do I need to bring to the appointment?
You will need the original SIN and birth certificate. Please confirm with the financial institution you will be dealing with.
3. What fees will I need to pay?
 - ✓ When do they need to be paid?
4. Do I have to make regular contributions?
 - ✓ How often? Monthly? Once a year?
 - ✓ Is it a fixed contribution amount? How much?
5. What happens if I miss a contribution?
6. What investment options are available?
7. When and how will payments be made to the beneficiary from the plan?
8. Are the plan's rules more restrictive than the government's rules?
 - ✓ If so, can you provide a written outline of the rules and how they differ?
9. What happens if I cancel the plan?
 - ✓ Will I have to forfeit my earnings?



PARTICIPANT HANDBOOK



Quiz

What are the three kinds of RESP plans?

What government grants are available?

In what situation should you consider setting up an RESP family plan? What is a possible drawback to an RESP family plan? What is one benefit?

True or false: when an RESP is cashed in, it's the student who withdraws the money that is taxed, and only the interest is taxable.

List two actions you are going to take within the next week related to RESPs.

What did you learn today that you are going to share with friends or family?

Definitions

Financial institution staff sometimes forget they speak a special language. Never be too shy to ask, “What does that mean?”

Beneficiary: the person designated as the recipient of funds. In the case of an RESP, the student who will use the funds to attend a post-secondary educational institution.

Canada Education Savings Grant (CESG): a Government of Canada program to assist with savings for Canadian children's higher education.

Canada Learning Bond (CLB): money that the Government of Canada deposits directly into a child's Registered Education Savings Plan (RESP) account to help parents get a head start on saving for their child's education after high school.

Family plan: a family plan can have more than one beneficiary. Each beneficiary must be related to the person who opens the plan, and be under 21 when they are named to the plan.

Group/pooled plan: group plans work differently from individual and family plans, and each plan has its own rules. A subscriber can open a group plan for one child/beneficiary. The beneficiary does not need to be related to the subscriber. A minimum deposit is required to open a group plan, and monthly contributions must be made.

Individual plan: an individual plan is intended to pay for the education of one beneficiary. Anyone can open an individual plan and anyone can contribute to it. Neither a minimum deposit nor monthly contributions are usually required.

National Child Benefit (NCB): an initiative that aims to help children living in poverty. The program is a partnership between federal, provincial and territorial governments and First Nations in Canada.

Registered Education Savings Plan (RESP): an investment vehicle used by families to save for children's post-secondary education in Canada. The principal advantages of RESPs are access to the Canada Education Savings Grant (CESG) and tax-deferred income.

Scholarship plan dealer: A business that distributes and administers Registered Education Savings Plans (RESPs) in Canada.

Subscriber: A person who contributes money to an RESP.