Manulife Mutual Funds

For your future™

Registered Education Savings Plan (RESP)

QUICK REFERENCE GUIDE

BENEFICIARY DESIGNATION

FAMILY

- Can have multiple beneficiaries
- Must be related to subscriber by blood or legal adoption
- Must be under 21 when they are named as a new beneficiary (unless by way of transfer from another Family RESP)
- Must have a Social Insurance Number (SIN) to open RESP
- Must reside in Canada (the residency requirement does not apply when it is made in conjunction with a transfer from another RESP where they were a beneficiary immediately prior to the transfer)
- Beneficiaries must be siblings in order to receive additional government incentives

INDIVIDUAL

- Beneficiary of any age, only one beneficiary allowed
- Must have a SIN and reside in Canada (the residency requirement does not apply when it is made in conjunction with a transfer from another RESP where they were a beneficiary immediately prior to the transfer), can be of any relation to the subscriber

SUBSCRIBER DESIGNATION

FAMILY

- Option to be a single subscriber
- Spouses can be joint subscribers
- Trusts and corporations are not allowed
- Must be related by blood or adoption to beneficiaries

INDIVIDUAL

- Option to be a single subscriber
- Spouses can be joint subscribers
- Public primary caregiver – a department, agency, or institution that is charged with the care of a beneficiary
- Can be any relationship to the beneficiary

MATURITY

FAMILY AND INDIVIDUAL

- End of the 35th year (40th year for a specified plan) after the year the plan is entered into

CONTRIBUTION WINDOW

FAMILY

- Up to the earlier of the end of the 31st year (35th year for a specified plan) after the year the plan is entered into and the date the beneficiary turns 31

INDIVIDUAL

- Up to the end of the 31st year (35th year for a specified plan) after the plan is entered into
- Not limited by the age of the beneficiary

CONTRIBUTION LIMITS

FAMILY AND INDIVIDUAL

- No annual contribution limit, but subject to a maximum of $50,000 lifetime per beneficiary

BASIC CANADA EDUCATION SAVINGS GRANT (CESG)

FAMILY AND INDIVIDUAL

- 20 per cent of the first $2,500 per year
- Maximum per year is $500 (carry-forward of grant room can allow up to $1,000 per year)
- Maximum per beneficiary is $7,200 over the life of the plan

BASIC CESG QUALIFICATION

FAMILY AND INDIVIDUAL

- Beneficiary must be a resident of Canada and must have a valid SIN
- Contribution must be made before December 31st of the year in which the beneficiary turns 17 years of age
- For years the beneficiary turns 16 or 17: contributions of at least $100 per year for any four years before the year the beneficiary reaches 16 years of age, *OR* $2,000 of contributions prior to the year of the beneficiary turning 16 years of age. The contributions should also not have been withdrawn

CESG CARRY-FORWARD

FAMILY AND INDIVIDUAL

- Every Canadian child accumulates $500 CESG "room" as of January 1st, 2007 or the year of birth, whichever is later ($400 from 1998 to December 31, 2006)
- Grant "room" (maximum of $1,000 per year from January 1, 2007) can be carried forward to the end of the beneficiary's 17th year

CESG REPAYMENT

FAMILY AND INDIVIDUAL

- Human Resources and Skills Development Canada (HRSDC) will generally claw back the CESG when/if contributions are withdrawn, the beneficiary does not attend school, the plan terminates and/or an Accumulated Income Payment (AIP) is made

ADDITIONAL CESG;

FAMILY AND INDIVIDUAL

- An additional 10 or 20 per cent on the first $500 per year (over and above the Basic CESG)
- Maximum per eligible year is $100, but no carry-forward of Additional CESG available
- Included in to the CESG maximum per beneficiary of $7,200
- For Family Plans only, all beneficiaries must be siblings

CANADA LEARNING BOND (CLB);

FAMILY AND INDIVIDUAL

- Bond of up to $2,000 for beneficiaries born after December 31, 2003;
- $500 initial deposit with an additional $100 per year eligible for 15 years
- $25 additional deposit to cover an expense setting up an RESP
- For Family Plans only, all beneficiaries must be siblings

ALBERTA CENTENNIAL EDUCATION SAVINGS (ACES) GRANT

FAMILY AND INDIVIDUAL

- Provincial Bond of $500 for beneficiaries born or adopted by Alberta residents after December 31, 2004
- Additional $100 grants available for children attending school in Alberta who reach age 8, 11, and 14 after December 31, 2004 (certain restrictions apply)
- For Family Plans only, all beneficiaries must be siblings

TAX ON OVER-CONTRIBUTIONS

FAMILY AND INDIVIDUAL

- Subject to a one per cent per month tax on the excess amount not withdrawn by end of the month
- Subscriber must complete form T1E-OVP and submit directly to Canada Revenue Agency

CHANGING THE BENEFICIARY

FAMILY AND INDIVIDUAL

- Can be changed at any time as long as the change complies with the criteria set out in the Beneficiary Designation section
- CESG will be paid back if the new beneficiary is not a sibling of the former beneficiary and not under 21 years of age. If a family plan, the replacement beneficiary must also comply with the sibling-only requirement for the additional government incentives. If not, the additional incentives – Additional CESG, CLB and ACES – will be paid back

CHANGING THE SUBSCRIBER

FAMILY

- A spouse/former spouse can replace the original subscriber in the event of a death or marital breakdown
- If a subscriber is replaced due to death, any new beneficiary added to the plan must be related to the original subscriber by blood or adoption

INDIVIDUAL

- A spouse/former spouse can replace the original subscriber in the event of marital breakdown and anyone can replace the subscriber due to death

DEATH OF BENEFICIARY

FAMILY AND INDIVIDUAL

- Subscriber can designate a replacement beneficiary providing that the beneficiary meets the conditions set out in the Beneficiary Designation section
- CESG will be paid back if the new beneficiary is not less than 21 years of age and the sibling of the former beneficiary. If a family plan, the replacement beneficiary must also comply with the sibling-only requirement for the additional government incentives. If not, the additional incentives – Additional CESG, CLB and ACES – will be paid back.
- If a replacement beneficiary is not appointed and there are no other beneficiaries in the plan, the CESG and other government incentives would have to be repaid when the plan is wound up

WHAT FORMS ARE NECESSARY?

1. Family or Individual Application Form, including the beneficiary's SIN
2. HRSDC Incentive and/or ACES application forms available at www.hrsdc.gc.ca
3. Submit all applicable applications to Manulife Mutual Funds

CONTACT INFORMATION

CRA

Phone: (RESP) 1 800 267 3100
Website: www.cra-arc.gc.ca

HRSDC

Phone: 1 888 276 3624
Website: www.hrsdc.gc.ca

TYPES OF WITHDRAWALS

Capital Withdrawal (beneficiary not attending school)

- The subscriber is entitled to withdraw contributions at any time, but this triggers CESG repayment equal to the lesser of 20 per cent of that withdrawal and the outstanding CESG balance (not eligible to receive grant for remainder of year and next two years)

Post-Secondary Education Capital Withdrawal (PSE)

- Any withdrawal of contributions while any beneficiary is entitled to receive an EAP does not incur a CESG clawback

Educational assistance payments (EAP)

- Consists of the RESP's income, CESG and other government incentives
- Beneficiary must be enrolled in a qualifying post-secondary educational program
- For full-time studies – EAP limited to $5,000 for the first 13 consecutive weeks of enrollment in a qualifying post-secondary educational program
- For part-time studies – EAP limited to $2,500 for the 13 week period preceding the payment of the EAP. Enrollment must be in a specified educational program.

Accumulated Income Payment (AIP)

- Usually includes earnings on contributions to the plan and earnings on the CESG and other government incentives
- Generally paid to the subscriber, all unused CESG and any additional government incentives are returned and the plan must be terminated by the end of February of the year after the year the first payment is made
- Included in income, taxed at the regular income tax rate, plus an additional 20 per cent penalty tax
- If the recipient has sufficient RRSP contribution room they can contribute up to $50,000 to their RRSP or a spousal RRSP and use the resulting deduction to offset the income inclusion and avoid the 20 per cent penalty tax
- The following conditions must be met:
  - **a** The recipient must be a Canadian resident,
  - **b** The recipient is a subscriber of the RESP, and
  - **c** Either the plan must have been in existence for at least 10 years, and the current (and former, if any) beneficiary (ies) must be at least 21 years of age and not eligible to receive an EAP *OR* each individual who was a beneficiary has died *OR* the plan is in its final maturity year

FOR MORE INFORMATION, PLEASE CONTACT YOUR MANULIFE INVESTMENTS SALES TEAM OR VISIT MANULIFEMUTUALFUNDS.CA

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