



General Rules

1 — Objective

The objective of the plan is to save money in a tax shelter for a beneficiary's post-secondary studies, generally that of a child.

2 — Contribution Ceiling

To make the most of the RESP's tax advantages, the federal government has set a cumulative lifetime maximum of \$50,000 per beneficiary.

The contribution ceiling is "per beneficiary" for all RESP contracts in his/her name and not "per subscriber".

3 — The Canada Education Savings Grant (CESG)

The federal government created the Canada Education Savings Grant (CESG) program in 1998 to encourage parents to invest in their children's post-secondary education.

The CESG is equivalent to 20% of the first \$2,500 in contributions made per beneficiary aged 17 years and under. It is calculated and paid into the plan on a monthly basis.

The CESG ceiling is \$7,200 per beneficiary.

It is the plan promoter, in this case the Company, that applies for the CESG on the subscriber's behalf. However, to be considered eligible, the beneficiary must have a social insurance number (SIN) and be a Canadian resident.

Certain restrictions apply to beneficiaries 16 and 17 years of age.

On January 1, 2005, the federal government increased the CESG amount available to low-income families. As a result, grants can now be as much as 40% of the first \$500 in contributions. Children born on or after January 1, 2004, may also be eligible for a Canada Learning Bond, the maximum amount of which is \$2,000 over a 15-year period.

4 — Investment Options

All Company investment options have a guaranteed minimum value at maturity and death.

My Education+

The subscriber has access to various investment vehicles, such as a wide range of segregated funds and a high interest savings account. Subscribers can choose from whichever investments best suit their needs.

5 — Beneficiary Eligibility Criteria

Individual Plans

Anyone with a SIN can be the beneficiary of an individual plan. However, there can only be one beneficiary per plan.

Family Plans

The beneficiary must be related to the subscriber by blood or adoption and have a SIN. There can be one or more beneficiaries per plan.

6 — Change of Beneficiary

Individual Plans

The subscriber can change the designated beneficiary at any time for another who is either younger or older than the previous one.

Family Plans

New beneficiaries must be related to the subscriber by blood or adoption and be under 21 years of age.

In both plans, the new beneficiary(ies) must respect one of the following conditions to remain eligible for CESGs already paid into the plan:

- Be the former beneficiary's brother or sister and be under 21 years of age, or
- Both the former and current beneficiary must be related to the subscriber by blood or adoption and be under 21 years of age.

7 — Withdrawals from an RESP

RESPs mature a maximum of 35 years after they've been established. However, no further contributions can be made after the contract's 31st year.

Educational Assistance Payments (EAPs)

Educational assistance payments include any payments, other than contribution reimbursements, that are made to a beneficiary who is enrolled in an eligible post-secondary program.

The subscriber can decide the amount and frequency of EAPs once the beneficiary begins post-secondary studies.

EAPs are intended to help pay for tuition fees and other education-related expenses and costs, including lodging, school supplies, food, transportation, etc. EAPs can be spread out over several years of study and are included in the student's total annual income.

Accumulated Income Payments

Accumulated income payments (AIPs) correspond to the distribution of investment income earned on RESP contributions and the CESG. It is not an educational assistance payment or a contribution refund. In the event that AIPs cannot be transferred to an RRSP (see the section entitled *Transfer of Accumulated Earnings into Your RRSP*), they must be included in the subscriber's current income and will also be subject to an additional 20% tax.

Withdrawal of Contributions

Subscribers can withdraw their contributions at any time without any impact on their taxes. However, certain fees may apply and will vary according to the type of education savings plan chosen.

If withdrawals are made before the beneficiary has begun post-secondary studies, the amount of the CESG attributable to the withdrawal must be reimbursed. Furthermore, such withdrawals could result in restrictions on the amount of any future CESGs.

Designating a New Beneficiary

If the beneficiary does not attend a post-secondary institution, the subscriber may either name another beneficiary or be obligated to refund the CESG. In a family plan, EAPs can be made arbitrarily to each or all of the designated beneficiaries, up to a maximum of \$7,200 per beneficiary.

Transfer of Accumulated Earnings into Your RRSP

If none of the beneficiaries pursue a post-secondary education considered admissible under the plan, the youngest beneficiary is over the age of 21 and the plan has been in existence for over 10 years, it is possible, under certain conditions, to transfer the earnings generated by the RESP to the RRSP of either the subscriber or his/her spouse, up to a maximum of \$50,000.

Fees

Certain fees may apply and will vary according to the type of education savings plan chosen.

8 — Advantages of Each Type of plan

Individual Plans

Individual plans offer great flexibility with regards to beneficiary designation.

Family Plans

Family plans offer great flexibility in terms of the distribution of EAPs. Payments can be made to only one beneficiary or divided equally among several beneficiaries designated in the plan..



For more information, please contact your financial advisor.

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