

education savings

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What investment vehicle should I use to save for my child's education?

	RESP	IN-TRUST	OPEN ACCOUNT
ANNUAL LIMIT	Unlimited	Unlimited	Unlimited
PURPOSE	For post-secondary education only	For any purpose	For any purpose
CESG	20% on first \$2,500 of contributions annually, to a maximum of \$500/year	N/A	N/A
PAYOUT	Subscriber decides when & how much	Trustee controls assets until beneficiary reaches the age of majority, when control is transferred	Owner controls assets and decides when and how much
WITHDRAWALS	Contributions can be withdrawn at any time tax free; however, CESGs may have to be repaid and restrictions may apply to future CESG payments. Growth portion and CESG taxed in beneficiary's hands, or if beneficiary does not attend a post-secondary institution, up to \$50,000 may be transferred to subscriber's RRSP	Must be used for child's benefit	All funds can be withdrawn at any time subject to the tax payable; funds do not have to be used for child's benefit
TAXATION	Contributions not tax deductible; income received from growth portion of plan and CESG reported to beneficiary as "other income" on T4A when withdrawn	Contributions not tax deductible; but tax planning opportunities do exist	Contributions not tax deductible; but tax planning opportunities do exist

This article was prepared by Christine LaLiberté, who is a Senior Investment Advisor with DundeeWealth. This is not an official publication of DundeeWealth. The views (including any recommendations) expressed in this article are those of the author alone, and they have not been approved by, and are not necessary those of DundeeWealth.

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