



Wealth Management  
Dominion Securities



## Pavan Stevenson Wealth

**Leroy Pavan**  
Investment Advisor  
403-317-4330  
leroy.pavan@rbc.com

**Daryll Stevenson**  
Investment Advisor  
403-317-4318  
daryll.stevenson@rbc.com

**Aric Pavan**  
Investment Advisor  
403-317-4348  
aric.pavan@rbc.com

[www.pavanstevenson.com](http://www.pavanstevenson.com)

# Life events: College and university

## Financial checklist

As you plan for the birth of your child, you may find yourself wondering what life will be like for them when they get older. While it might seem early to be thinking about college or university, ensuring a child has access to a good education will give them the best possible start in life. Consider these quick facts about the benefits of post-secondary education from Statistics Canada:

- Canada's future labour market will have a preference for skilled workers in a global, technologically advanced economy
- College and university graduates are already more likely to have a fulltime job, and more likely to keep it during an economic downturn
- They also tend to earn more than Canadians without post-secondary education

According to Statistics Canada, 68.4% of Canadians between the ages of 25 and 44, and 58.1% of those aged 45 to 64 had obtained some form of post-secondary certification in 2011.

## Tax sheltered savings

The cost of education is expensive and tuition fees, books, accommodation and living costs have been increasing faster than the rate of inflation. For example, between 1993–94 and 2003–04 the cost of studying dentistry quadrupled, while medical tuition costs more than tripled and studying law more than doubled.

One of the best ways to save for your child's future education is through a Registered Education Savings Plan (RESP). While you save, the government will kick in up to \$7,200 through the Canada Education Savings Grant (CESG). Taking advantage of this free money can go a long way to finance your child's education down the road. Putting aside even small amounts each month will translate into substantial savings later on. When your child does attend a post-secondary institute, all your contributions are passed on to them tax-free and taxes are only paid on the investment growth and grants (usually at a much lower tax rate).

The provinces of Alberta and Quebec also offer provincial support for educational funding.

In addition to the Canada Education Savings Grant (CESG) and Québec Education Savings Incentive (QESI), the Canada Learning Bond and the Additional Canada Education Savings Grant will be available for RBC Dominion Securities RESP accounts.

Here's a quick overview of what each government program provides — along with key eligibility requirements

Program and provider	Amount	Eligibility requirements
Government of Canada <b>Basic Canada Education Savings Grant (CESG)</b>	<ul style="list-style-type: none"> <li>■ 20% of up to \$2,500 contributed annually (maximum \$500)</li> <li>■ Lifetime limit of \$7,200 per child</li> </ul>	Payable to all RESP beneficiaries, up to the age of 18 (special rules apply at ages 16 and 17) Beneficiary must have a SIN
Government of Quebec <b>Quebec Education Savings Incentive (QESI)</b>	<ul style="list-style-type: none"> <li>■ 10% tax credit (paid directly to RESP) on annual RESP contributions up to \$2,500</li> </ul>	Beneficiary must be under age 18 and a resident of Quebec
Government of Canada <b>Canada Learning Bond</b>	<ul style="list-style-type: none"> <li>■ \$500 upon opening the RESP</li> <li>■ \$100 each year until the calendar year the child turns 15</li> </ul>	Family must receive the National Child Benefit Supplement (net income of \$44,701 or less)
Government of Canada <b>Additional CESG</b>	<ul style="list-style-type: none"> <li>■ Paid in addition to the CESG</li> <li>■ Adds an extra 10% or 20% (depending on family income) onto the first \$500 contributed to the RESP annually</li> </ul>	Based on family income: <ul style="list-style-type: none"> <li>■ 20% on the first \$500 annually if net family income is \$44,701 or less</li> <li>■ 10% grant on the first \$500 annually if net family income is between \$44,701 and \$89,401</li> </ul> (2015 amounts. Income thresholds are adjusted annually)

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