

RESP Withdrawal Checklist

After diligently saving for your child's education through a Registered Education Savings Plan (RESP), the time has come to begin accessing the money to fund their post-secondary education. Once your child has enrolled in a qualifying post-secondary educational program, you can begin making RESP withdrawals to help cover their post-secondary expenses. To ensure your withdrawal goes smoothly, be sure to review this Checklist before contacting your BMO Nesbitt Burns Investment Advisor to request an Education Assistance Payment (EAP) from your RESP.

Qualifying post-secondary institution

Confirm your child is attending a qualifying post-secondary institution. Qualifying institutions include:

- A university, college, CEGEP, trade school or other designated educational institution in Canada.
- An educational institution in Canada certified by Human Resources and Skills Development Canada (HRSDC) as offering non-credit courses that develop or improve skills in an occupation.
- A university, college, or other educational institution outside Canada that provides courses at the post-secondary school level, and where your child is enrolled on a full-time basis.

Qualifying program of study

Confirm your child is registered in a qualified educational program (includes long distance education courses, such as correspondence courses, provided by qualifying post-secondary institutions). Qualifying programs include:

- Qualifying Educational Program (i.e., Full-Time)** – A program at the post-secondary school level that lasts at least three consecutive weeks*, and that requires a student to spend no less than 10 hours per week on courses or work in the program.
- Specified Educational Program (i.e., Part-Time)** – A program at the post-secondary school level that lasts at least three consecutive weeks, and that requires a student to spend not less than 12 hours per month on courses in the program. The student must be at least 16 years of age to attend a specified educational program.

* If studying outside of Canada at a college, or other educational institution, your child must be enrolled on a full-time basis in a course with a duration of not less than 13 consecutive weeks. This requirement does not apply to programs at universities outside of Canada.

Proof of enrollment

Ensure you have valid proof of enrolment from the qualifying post-secondary institution. Official documentation should use the institution's letterhead or be readily identifiable as a document printed from the institution's secure student web site. The following information is required by your RESP administrator before making an Education Assistance Payment:

- Student name and ID number
- Student enrollment course load (full-time or part-time)
- Confirmation of enrollment in a qualified educational program
- Tuition amount that has been paid
- Start and end date of the course(s) or current academic year
- Proof of enrolment documentation* is dated within six months of the date you are applying for the EAP

*Proof of enrolment is considered valid for a period of up to six months from the date stated on the documentation.

Qualifying expenses

A qualifying expense is defined as an amount paid to help your child further his/her post-secondary education, and generally includes the cost of tuition, books and supplies, as well as living and transportation costs.

- Calculate the cost of your child's current post-secondary expenses, so you can determine the amount of funds required from the RESP.
- If requesting an Education Assistance Payment that exceeds the annual \$20,000 limit, ensure you have expense receipts totalling the full amount you are requesting. Your RESP administrator will require copies of all receipts, which must be dated for the current term.

Withdrawal type

Determine the type of withdrawal(s) required from the RESP. Generally, parents will be requesting an Educational Assistance Payment, and/or a Post-Secondary Education Payment (PSE).

- Education Assistance Payment** – An EAP consists of the Canada Education Savings Grant (CESG), the Canada Learning Bond (CLB), amounts paid under a designated provincial program and the earnings generated on the contributed funds within the RESP. EAPs are taxed in the hands of the child and requests must be submitted within six months from the end date of the school term.

Please note: If this is the first EAP request for your child, the withdrawal is limited to \$5,000 (\$2,500 for specified educational programs), for the first 13 consecutive weeks of study. These limits may be increased by having your RESP administrator submit a written request to HRSDC.

- Post-Secondary Education Payment** – If your child's education expenses exceed the amount available through an EAP, you may want to request a PSE to supplement the EAP. A PSE is a withdrawal of your original RESP contributions, which is made while your child is eligible to receive EAPs. There are no tax consequences on a PSE, whether paid to you or your child.

Ensuring that you have all required information before applying for a withdrawal from your RESP will speed up the process and make certain expense reimbursement is made in a timely fashion. For more information about RESP withdrawals, please contact your BMO Nesbitt Burns Investment Advisor.

Please note, portions of this article have been sourced from the Canada Revenue Agency internet site <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/resp-reee/>

The comments included in the publication are not intended to be a definitive analysis of tax law. The comments contained herein are general in nature and professional advice regarding an individual's particular tax position should be obtained in respect of any person's specific circumstances. BMO Nesbitt Burns Inc. ("BMO NBI") provides this commentary to clients for informational purposes only. The information contained herein is based on sources that we believe to be reliable, but is not guaranteed by us, may be incomplete or may change without notice. The comments included in this document are general in nature, and professional advice regarding an individual's particular position should be obtained.

® "BMO (M-bar Roundel symbol)" and "Making Money Make Sense" are registered trade-marks of Bank of Montreal, used under licence. ® "Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Inc. BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of Bank of Montreal.

If you are already a client of BMO Nesbitt Burns, please contact your Investment Advisor for more information.