

# BMO Nesbitt Burns RESP Withdrawal Checklist

To ensure your BMO Nesbitt Burns Registered Education Savings Plan (“RESP”) withdrawal request is approved, be sure to review this Checklist before contacting your BMO Nesbitt Burns Investment Advisor to request an Educational Assistance Payment (“EAP”) from your RESP.

## Qualifying post-secondary institution

Confirm if the beneficiary of the plan (i.e., the child) is attending a qualifying post-secondary institution, which may include:

- A university, college, CEGEP, trade school, or other designated educational institution in Canada.
- An educational institution in Canada certified by Employment and Social Development Canada (“ESDC”) as offering non-credit courses that develop or improve skills within 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 or Specified educational program

Confirm if the beneficiary is registered in one of the following qualified or specified educational programs, including long distance education courses, such as correspondence courses, provided by qualifying post-secondary institutions:

- Qualifying educational program (i.e., full-time)** – A program at the post-secondary school level that runs a minimum of three consecutive weeks,<sup>1</sup> 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 runs a minimum of three consecutive weeks, and that requires a student to spend no 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.

## Proof of enrolment

Ensure you have valid proof of enrolment<sup>2</sup> from the qualifying post-secondary institution or qualifying/specified educational program:

- 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 document should take the form of an enrolment letter, course confirmation, receipted invoice, or a combination of these documents. Letters must be signed and certified by the Office of the Registrar or Department Head and clearly provide the following information:
  - Student name
  - Name of educational institution
  - Enrolment in a qualifying/specified educational program
  - Initial start and end dates of the program
  - Current year of registration
  - Enrolment course load (full-time or part-time)
  - Tuition amount that has been paid (if invoice is provided)

## Qualifying expenses

A qualifying expense is defined as an amount paid to help the beneficiary further his/her post-secondary education, and generally includes the following:

- Education costs (e.g., tuition, compulsory fees, books, and supplies);
- Living expenses (e.g., shelter, food, clothing, and transportation); and
- Expense related to special needs (e.g., note takers, interpreters, and special equipment required to participate in the program).

## Calculating RESP withdrawals

- Calculate the cost of your child's expected post-secondary expenses, so you can determine the amount of funds required from the RESP.
- If requesting an Educational Assistance Payment that exceeds the annual threshold (\$24,432 for 2020), an **Itemized List of Expenses** totalling the EAP amount being requested is required. In addition, be sure to retain your expense receipts as BMO Nesbitt Burns reserves the right to request receipts at any time to ensure the reasonableness of expenses pertaining to an EAP.

## Withdrawal type

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

- Educational 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 beneficiary and requests must be submitted within six months from the end date of the school term.<sup>3</sup>
- Post-Secondary Education Payment ("PSE")** – If the beneficiary's education expenses exceed the amount available through an EAP, you may want to request a PSE to supplement the Educational Assistance Payment. A PSE is a withdrawal of your original RESP contributions, which is made while the beneficiary is eligible to receive EAPs. There are no tax consequences on a PSE, whether paid to the subscriber or beneficiary.

Ensuring that you have all required information before applying for a withdrawal from your RESP will speed up the process and make certain the 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:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-education-savings-plans-resps/payments-resp.html>

<sup>1</sup> If studying outside of Canada at a college or other educational institution, the beneficiary must be enrolled on a full-time basis in a course that runs no less than 13 consecutive weeks. (Three weeks for full-time attendance at university programs.)

<sup>2</sup> Proof of enrolment is considered valid for a period of up to six months from the end date of the course(s) or the school term. Please note that a letter of acceptance and/or an offer of admission are not acceptable as proof of enrollment.

<sup>3</sup> If this is the first EAP request for the beneficiary, the withdrawal is limited to \$5,000 for Qualifying educational programs, and \$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 Employment and Social Development Canada.



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