

Registered Education Savings Plan: How to get the very best bang for your buck.

Do you have a budding neurosurgeon in your family? Check out this strategy that will turbo charge your education savings plan!

Let's compare two strategies:

1. Only contribute enough to attract the maximum government grant
2. Maximize the growth in your registered education savings plan

Goal #1

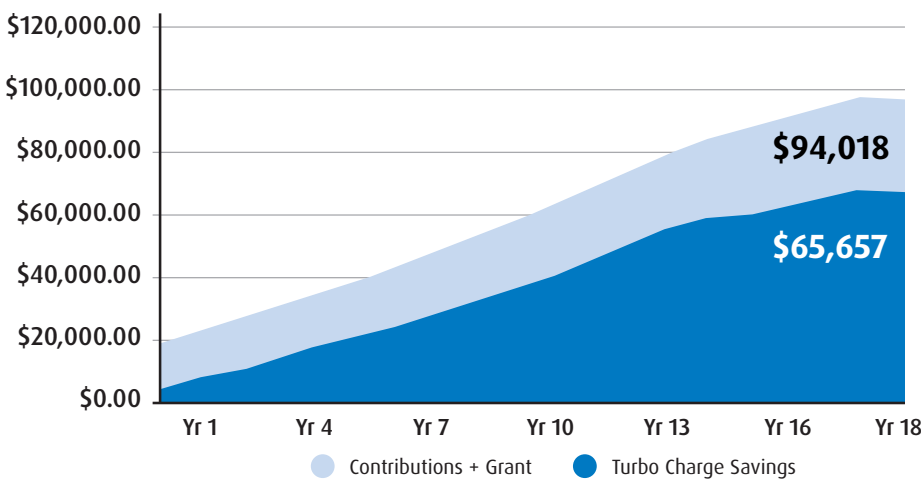
Contribute enough to get maximum government grant

The total amount of contributions needed to get all \$7,200 of available grant money is \$36,000. If the maximum contribution of \$2,500 per year is contributed every year, starting the year the beneficiary is born, full grant will be paid in the 14th year. At age 18, factoring an annualized rate of return of 4%, the total value of the account is **\$65,657.14**.

Goal #2

Turbo charge RESP savings

The fundamental theory behind this strategy is compounding return. The maximum amount that can be contributed to an RESP per beneficiary is \$50,000. To kick start growth a contribution of \$14,000 is made in addition to the annual maximum contribution of \$2,500 to attract growth in the year the beneficiary is born. This original contribution then has 18 years to grow, in addition to the annual contributions and grant accumulation. At age 18, factoring an annualized rate of return of 4%, the total value of the account is **\$94,018.57**.



Turbo charged RESP savings results in \$28,361 more at age 18!



Let's connect

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Registered Education Savings Plan Summary:

- Annual Lifetime Contribution Limit per Beneficiary: \$50,000
- Yearly contribution to attract full government grant: \$2,500
- Annual catch-up allowance: one year (\$5,000 per year total to attract grant)
- Government grant: 20% matching of contributions to a total of \$7,200
- Grant can be obtained until the year the beneficiary turns 18
- Grant and growth are taxed to the beneficiary upon withdrawal
- The plan must be wrapped up by the end of the 36th year of existence

The RESP is an incentive program funded by the government, which encourages people to save for post-secondary education. Anyone who has extra money to save for their kids, grandkids, nieces, nephews, or other kids in their lives should look at this program.



Service Excellence

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- Wealth advisory
- Retirement planning
- Business planning and succession
- Estate and insurance services
- Tax planning and minimization strategies
- Charitable giving

Contact me for more information on this strategy or other ways to kick-start your savings!



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