

# 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

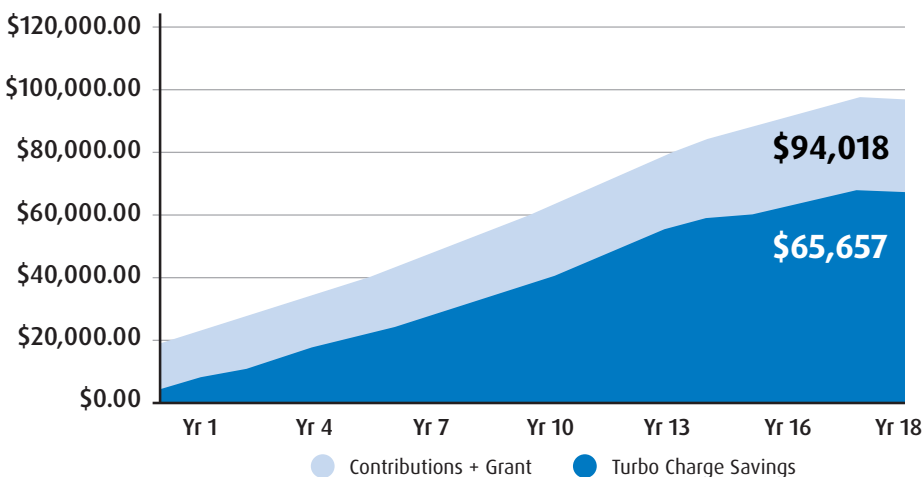
### Contribute enough to get maximum government grant

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

**Megan Sutherland, BA, CIM®, FCSI®**

Investment Advisor,  
BMO Nesbitt Burns

525 8th Avenue SW, 10th Floor  
Calgary, Alberta, T2P 1G1

T: 4403 261-9508

F: 403 261-9541

Toll Free: 1-866-550-8085

megan.sutherland@nbpcd.com

www.megan-sutherland.com

### 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

When it comes to making decisions about your wealth, you need people on your side that you can trust. Your wealth is not only intricate, but also dynamic. We understand that your goals are going to change over time, and that choices made today affect the future. This is a responsibility we take seriously and are enthusiastic to navigate with you, side-by-side.

We're here to help with all your financial priorities at every stage of your life, providing an unbiased, holistic approach that encompasses all aspects of wealth management:

- Financial planning
- Investment planning
- 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!



**Megan Sutherland, BA, CIM®, FCSI®**  
Investment Advisor

**BMO Nesbitt Burns**  
525 8th Avenue SW, 10<sup>th</sup> Floor,  
Calgary, Alberta, T2P 1G1  
T: 403 261-9508 | F: 403 261-9541  
megan.sutherland@nbpcd.com  
www.megan-sutherland.com



This publication is for informational purposes only and is not and should not be construed as professional advice to any individual. Individuals should contact their BMO representative for professional advice regarding their personal circumstances and/or financial position. The information contained in this publication is based on material believed to be reliable, but BMO Wealth Management cannot guarantee the information is accurate or complete. The comments included in this publication are not intended to be a definitive analysis of tax applicability or trust and estates 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 (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under licence. BMO Wealth Management is a brand name that refers to Bank of Montreal and certain of its affiliates in providing wealth management products and services. Not all products and services are offered by all legal entities within BMO Wealth Management. ©"BMO 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.

All rights are reserved. No part of this publication may be reproduced in any form, or referred to in any other publication, without the express written permission of BMO Wealth Management.