

Product Summary



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Plan Purpose

- › To accumulate savings for a beneficiary's post-secondary education.

Plan Types

- › Individual or family

How the Plan Works

- › Depending on the plan type, the subscriber (the person who makes contributions to the plan) designates one or more beneficiaries to use the investment income generated by the plan and education savings grants.
- › The investment grows in a tax shelter as long as it stays within the plan.
- › Contributions can be made to the plan for 31 years after its creation, and the plan can exist for 35 years after it has been established.
- › The beneficiary must have a Social Insurance Number and be a Canadian resident to be eligible for the plan.

Beneficiary

- › Individual plan: one person (it can be anyone, related or not).
- › Family plan: beneficiaries must be related by blood or adoption to the subscriber.

Contributions

- › In lump-sum amounts (\$100 min.) or in periodic payments (\$25 min. per contract and \$10 min. per beneficiary).
- › No obligation to make a minimum contribution every year.
- › Cumulative limit of \$50,000 per beneficiary.
- › Subscribers own the contributions.

Canada Education Savings Grant (CESG)

- › 20% of the first \$2,500 of annual contributions made per beneficiary, up to a maximum of \$500 per year (\$1,000 when unused rights are used). For low income families, grants can be as much as 40% of the first \$500 in contributions.
- › The cumulative lifetime limit per beneficiary is \$7,200.
- › Beneficiaries from low income families may also be eligible for a Canada Learning Bond (\$2,000 over 15 years).
- › Eligibility: age 17 or less (conditions apply for beneficiaries age 16 and 17).
- › The sponsor—the Company—applies to the government for the grant and invests it in the plan.

Quebec Education Savings Incentive (QESI)

- › The Quebec government offers beneficiaries who are residents of Quebec a 10% tax credit on the first \$2,500 in annual contributions per beneficiary. Depending on the family income, the first \$500 of contributions can also entitle the beneficiary to an additional credit of up to 10%.
- › The maximum per beneficiary is \$3,600.

Alberta Centennial Education Savings Plan (ACES)

- › When the conditions are respected, the Alberta government offers residents of this province an initial grant of \$500 and three subsequent grants of \$100 (at age 8, 11 and 14).

For use by Financial Advisors

Investments

- › All My Education investment options are available.
- › There is no foreign content limit.
- › The contributions and the grant (CESG) are invested in the plan.
- › The My Education RESP includes a guarantee at maturity or at death.

Taxes

- › As with CESGs, accumulated returns are not taxable until these amounts have been transferred to the beneficiary.
- › Contributions are not tax deductible and can be withdrawn tax-free.

Educational Assistance Payments (EAPs)

- › An EAP consists of the payment of investment income and the CESG to the beneficiary.
- › Maximum of \$5,000 during the first 13 weeks.
- › If the designated beneficiary does not pursue a post-secondary education, another beneficiary may be designated or the accumulated investment income may be transferred to the RRSP of the subscriber or the subscriber's spouse, up to a maximum of \$50,000 and subject to certain conditions.

RESP Loan

- › The RESP Loan is recommended to maximize the CESG, especially when a child is older and on the verge of pursuing high school studies (age 12 and over).
- › Reimbursable at any time and due and payable at the end of the plan.
- › Minimum loan of \$500 per request and a maximum of \$5,000 per beneficiary per year.
- › The maximum loan corresponds to 100% of the RESP contribution amount. The initial loan ratio is limited to 50% (loan/total value of the contributions including the loan) and 75% thereafter. This means that the loan balance can increase to up to 75% of the total value of the contributions before a reimbursement is required by the company.

For more information on the My Education RESP, consult the electronic version of the My Education Marketing Guide, available on the extranet and in Interface Suite.

The elephant,
symbol of our 100 years
of strength and longevity.

