

# Education Savings Incentives

- The Government of Canada encourages the use of Registered Education Savings Plans (RESP) to save for a child's *post-secondary education* (PSE), which includes full- or part-time studies at a trade school, CEGEP or college, university, or in an apprenticeship program.

## The Canada Education Savings Grant (CESG):

- The CESG consists of a basic grant amount of 20% on the first \$2,500 in annual contributions to an RESP. This incentive is available to all eligible children regardless of family income. An additional amount of CESG of 10% or 20% is available to children from middle and low income families. The CESG is available until the calendar year in which the beneficiary turns 17. The maximum lifetime amount, including the additional amount of the CESG, is \$7,200.
- The CESG was introduced in 1998 and the additional amount of CESG has been available since 2005.

## The Canada Learning Bond (CLB):

- The CLB has been available since 2005 for children born in 2004 or later from low-income families, or who are under the care of a public trustee. It provides an initial payment of \$500, plus \$100 for each year of eligibility, up to age 15, for a maximum of \$2,000. The CLB is paid directly into an RESP. Personal contributions are not required to receive the CLB.



# Program Objectives

- Education savings incentives aim to:
  - ✓ Reinforce the importance of planning early for PSE
  - ✓ Help build savings for PSE
  - ✓ Help make PSE more affordable by reducing reliance on loans
  - ✓ Reinforce aspirations for PSE through asset-building and savings
- The Canada Learning Bond was introduced to help low-income families “accumulate savings for their children’s post-secondary education” and “ensure that no qualified Canadian misses out on post-secondary education because of a lack of financial resources”



# Key Program Results

- A total of \$11.53 billion in CESG has been distributed to over 6.04 million beneficiaries since 1998, when the education savings incentive became available, including \$929 million in 2017.
- The CESG participation rate has steadily increased from 9.7% in 1998 to 52.3% in 2017.
- The Government has disbursed over \$1.01 billion in CLB payments to 1,114,000 beneficiaries since 2005, when the education savings incentive became available, including \$155 million in 2017.
- The CLB participation rate has steadily increased from 0.2% in 2005 to 36.5% in 2017.
- In 2017, \$3.8 billion was withdrawn from RESPs to help defray the post-secondary education costs of 431,000 students.



# Initiatives to increase the take-up of education savings incentives

- The Government is working in collaboration with provinces and territories, community-based organizations, organizations that offer RESPs, Indigenous Peoples and other stakeholders to:
  - Promote the benefits of early savings in RESPs to all Canadians; and
  - Ease access to the CLB for children from low-income families.
- In order to help more children from low-income families benefit from the CLB, Budget 2017 announced:
  - the reallocation of \$12.5 million over six years, starting in 2017–18, to explore new and innovative ways to increase awareness and take-up of RESPs and the CLB.
  - Amendments, which came into force on January 1, 2018, to the *Canada Education Savings Act* to make it easier to access the CLB and the additional amount of Canada Education Savings Grant by allowing the cohabiting spouse or common-law partner of the primary caregiver to request the education savings incentives on behalf of an eligible child.
- Budget 2018 announced that the Government of Canada is collaborating with the Province of Ontario to integrate an “Education Savings Referral” into Service Ontario’s online Newborn Registration Service. As of March 25, 2018, parents of newborns are able to request to be contacted by a participating RESP promoter of their choice to learn more about and initiate the process to open an RESP, and request the education savings incentives for an eligible child.
- ESDC continues to explore options to ease access to the CLB, in particular for children from vulnerable populations.

