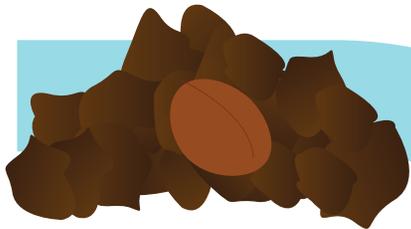




### 3. Life cycle of a Registered Education Savings Plan (RESP)

The life cycle of an RESP can be broken down into three phases:



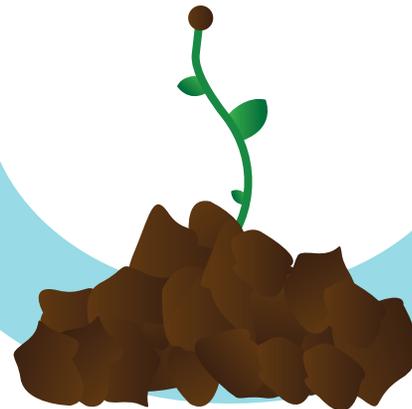
1

#### Setting it up

- The subscriber selects an RESP promoter, opens an RESP and names a beneficiary.
- The promoter gathers information on the beneficiary, the subscriber and the primary caregiver, their cohabiting spouse or common-law partner (if applicable), and reviews eligibility criteria.
- The subscriber signs a contract with the promoter and chooses how to invest their funds.
- The subscriber, with the promoter, completes the Canada Education Savings Program (CESP) application form and annexes to request the education savings incentives for which the beneficiary may be eligible.
- The Canada Revenue Agency (CRA) registers the plan.
- Within 90 days, the promoter informs the beneficiary's custodial parent or legal guardian that a plan was established.

#### Making it grow

- The subscriber may contribute to the RESP in respect of a beneficiary.
- The promoter submits RESP transactions to the CESP system.
- The RESP may receive education savings incentives.
- Contributions and education savings incentives in the RESP may generate earnings.
- At least once a year, the promoter must inform subscribers, in writing, on the status of their RESP account
- The custodial parent coordinates the contributions with subscribers to avoid overcontributions.
- The custodial parent has access to information on all RESPs held by ESDC for their child.



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#### Taking out the funds for post-secondary education

- The promoter must obtain the beneficiary's proof of enrolment to issue an educational assistance payment (EAP).
- The subscriber may request an EAP.
- The subscriber may withdraw their contributions as a post-secondary contribution withdrawal.

#### Terminating an RESP

- Education savings incentives administered by ESDC that remain in the plan must be repaid.
- Contributions are returned to the subscriber, tax free.
- The options available to disburse the remaining earnings in the RESP are to:
  - ✓ request an accumulated income payment (AIP).
  - ✓ rollover the AIP amount into another qualified registered product.
  - ✓ make a payment to a designated educational institution in Canada.