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OVERVIEW

How to use this guide

The Canada Education Savings Program (CESP) within Employment and Social Development Canada (ESDC), is pleased to provide the Registered Education Savings Plan (RESP) Provider User Guide.

This Guide is intended to provide RESP Providers with comprehensive information relating to the key concepts, systems and processes associated with the following education savings incentives:

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

See Appendix C for a list of acronyms and terms used in this guide.

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1. Who should read this guide?

Any person involved in offering RESPs to the public will benefit from using the RESP Provider User Guide.

The Guide includes step-by-step procedures associated with the education savings incentives processes, as well as knowledge-building components. In addition, it provides access to reference information, quick reference tools, and links to downloadable forms, all of which have been designed to help you in assisting your clients in applying for and receiving the applicable education savings incentives on behalf of eligible beneficiaries.

Please note that throughout the Guide, the term **RESP provider** is used to refer to those involved in the processes associated with offering RESPs and the education savings incentive(s). The nature of each individual’s involvement with a particular process (e.g. submitting electronic transactions to the CESP), depends on how responsibilities have been assigned within each organization.

2. How information is organized

The information in this Guide is organized into four main sections:

**Section 1: Introduction** – This section introduces the education savings incentives administered by the CESP, ESDC. In addition, it provides background information about RESPs and outlines key concepts and system related information associated with the incentives application and payment processes.

**Section 2: Education savings incentives** – This section of the Guide provides detailed description(s) of the education savings incentive(s), as well as associated regulations, key concepts, and processes.

**Section 3: Transfers and payments** – This section of the Guide focuses on the activities related to making transfers and payments from the RESP, with particular attention to how they may impact the education savings incentive(s) paid into the RESP.

**Section 4: Appendices** – This section of the Guide provides instructions for completing the incentive application forms, links to these and other downloadable CESP forms, as well as a number of other useful reference tools.
ESDC’s Canada Education Savings Program

Employment and Social Development Canada (ESDC) is responsible for the administration and delivery of two federal education savings incentives linked to Registered Education Savings Plans (RESPs), as well as provincial education savings incentives on behalf of certain provinces. Within ESDC, the Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of the federally administered education savings incentives.

This chapter provides an at-a-glance overview of each of the education savings incentives. It also outlines the roles and responsibilities of the individuals and organizations that facilitate and participate in the process associated with each incentive.

See Appendix C for a list of acronyms and terms used in this guide.

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1. Education savings incentives

The purpose of education savings incentives is to encourage Canadian residents to save for a child’s post-secondary education which includes full-time and part-time studies at a trade school, CEGEP, college, university, or an apprenticeship program.

The following education savings incentives are administered by ESDC:

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

In addition, the Government of Quebec offers the Quebec Education Savings Incentive (QESI), a provincial education savings incentive paid under Quebec legislation. ESDC does not administer the QESI.

The Canada Education Savings Act authorizes the payment of the CESG and the CLB.

All provincial education savings incentives are paid under the laws of a province (known under the Income Tax Act as designated provincial programs). Payments made into an RESP through a designated provincial program are not considered contributions in an RESP, but are treated in the same way as the CESG and the CLB.
1.1. CESG at-a-glance

The CESG consists of a basic amount of the CESG (Basic CESG) (introduced in 1998) and an additional amount of CESG (Additional CESG) (introduced in 2005) paid on contributions made to an RESP, which are:

- **Basic CESG rate of 20%** on annual contributions made to an RESP in respect of a beneficiary. The amount of annual Basic CESG payable per beneficiary is limited to the lesser of the following amounts:
  - accumulated grant room available for the beneficiary
  - annual limit of $1,000 per beneficiary

- **Additional CESG rate of 10% or 20%** on the first $500 or less of annual contributions made in respect of a beneficiary, based on the adjusted income of the beneficiary’s primary caregiver (PCG).

### Eligibility for the Additional CESG

Additional CESG rates are based on the individual primary caregiver’s adjusted income:

- **Additional 10%**  
  Adjusted income is greater than $47,630* but less than or equal to $95,259*

- **Additional 20%**  
  Adjusted income is less than or equal to $47,630* or the child is in the care of an Agency which receives payments under the *Children’s Special Allowances Act (CSAA)*

*These figures are based on 2019 income levels; income levels are indexed annually by the Canada Revenue Agency (CRA).

Through an information sharing process with ESDC, the CRA confirms those beneficiaries eligible to receive the Additional 10% and 20% CESG, based on their individual primary caregiver’s adjusted income.

To learn more about the CESG eligibility criteria, information requirements, program-related rules, and application processes, see *Chapter 2-1: Canada Education Savings Grant (CESG).*
1.1.1. Grant room and carry forward

As of 1998, grant room (unused Basic CESG) accumulates for a child until the end of the year in which the child turns 17, even if the child is not a beneficiary of an RESP. Unused Basic CESG can be carried forward for possible use in future years.

- **1998 to 2006**: $400 is added to the grant room for each eligible child per year since 1998 (or since birth if the child was born after 1998).
- **Since 2007**: $500 is added to the grant room for each eligible child per year since 2007 (or since birth if the child was born after 2007).

A determination of eligibility for the Additional CESG is made annually, based on reported income information applicable at that time. Consequently, rights to the Additional CESG cannot be carried forward for use in future years. Grant room is not affected by the Additional CESG payments made to an RESP in respect of a beneficiary.

1.2. CLB at-a-glance

The CLB is available for an eligible child born in 2004 or later. Since July 1, 2017, the CLB eligibility is based, in part, on the number of qualified children and the adjusted income of the individual primary caregiver, who is the person eligible to receive the Canada child benefit (CCB). For children in care, the public primary caregiver is eligible to receive payments under the Children’s Special Allowances Act (CSAA).

The CLB is a federal education savings incentive directed to a specific child and consists of two types of payments:

- **an initial CLB payment of $500** for the first year the child is eligible; and
- **subsequent CLB payments of $100** for each following year that the child is eligible, up to and including the year in which the child turns 15.

The maximum lifetime CLB limit is $2,000. The amount of CLB that a beneficiary receives is dependent on how many years the beneficiary meets the eligibility criteria. Accumulated CLB entitlements can be requested up to the eligible child’s 21st birthday. After that, all accumulated CLB entitlements will be forfeited.

**CLB entitlements tracked by ESDC**

ESDC will keep track of the CLB entitlements as they accumulate for each child, even when the child has not been named as the beneficiary of an RESP.

The CLB does not depend on contributions made to the RESP. However, a subscriber must open an RESP and name a child as a beneficiary before the CLB entitlements can be paid.

To learn more about the CLB eligibility criteria, information requirements, program-related rules, and application processes, see Chapter 2-2: Canada Learning Bond (CLB).
1.3. BCTESG at-a-glance

The BCTESG is available for children born on or after January 1, 2006.

The custodial parent or a legal guardian and the beneficiary must be residents of British Columbia when the BCTESG application is made.

The BCTESG is a $1,200 one-time grant payment per eligible beneficiary. When an eligible child turns six years old, the subscriber may be able to apply for the grant.

To learn more about the BCTESG eligibility criteria, information requirements, program-related rules, and application processes and timelines, see Chapter 2-3: British Columbia Training and Education Savings Grant

1.4. SAGES at-a-glance

Note:

On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Additional information pertaining to the suspension of the SAGES is provided in information bulletin # 722 sent June 12, 2017, available through the Canada.ca/RESPresources Web page.

The SAGES is available for RESP contributions made on or after January 1, 2013, in respect of beneficiaries who are residents of Saskatchewan at the time of contribution.

Saskatchewan matches 10% of RESP contributions in the SAGES amounts, up to $250 per beneficiary for each eligible year, until the end of the calendar year in which the beneficiary turns 17. Total SAGES payments per beneficiary could reach $4,500 if the beneficiary is eligible from birth until age 17.

While each eligible beneficiary’s SAGES grant room increases by $250 per eligible year, the annual SAGES amount that can be paid per beneficiary is limited to the lesser of the following two amounts:

- the accumulated SAGES grant room for the beneficiary; or
- the SAGES annual limit of $500

To learn more about the SAGES eligibility criteria, information requirements, program-related rules, and application processes and timelines, see Chapter 2-4: Saskatchewan Advantage Grant for Education Savings (SAGES).
2. An overview of roles and responsibilities

To administer the payment of education savings incentives, ESDC partners with:

- RESP promoters
- the CRA
- the Social Insurance Registry (SIR)
- the Government of Saskatchewan
- the Government of British Columbia

Each organization shares information and manages processes that enable ESDC to deposit the education savings incentives into an RESP in respect of an eligible beneficiary.

The following individuals also play a key role in an RESP opened in respect of a beneficiary:

- the subscriber(s)
- the custodial parent(s) or legal guardian(s)
- the primary caregiver and their cohabiting spouse or common-law partner, if applicable

The following pages provide an overview of their respective roles and responsibilities, starting with the subscriber.

2.1. Subscriber

In order for a beneficiary to receive any of the education savings incentives, the subscriber must meet with a participating RESP promoter and:

- open an education savings plan (ESP), name a beneficiary, and request that the ESP be registered with the CRA via the CESP system.

  **Note:** To receive the Additional CESG, the CLB, the SAGES and the BCTESG, the ESP must be an individual (non-family) plan, or a family plan in which all beneficiaries are siblings, and it must be registered by the CRA.

- ensure the beneficiary meets all eligibility criteria for the education savings incentive(s)
- make contributions to the RESP without exceeding the lifetime limit of $50,000 per beneficiary.

  **Note:** Payment of the CLB and the BCTESG do not depend on contributions. However, the deposit of contributions is a pre-requisite for the CESG and the SAGES.

- apply for the incentive(s) in respect of an eligible beneficiary by completing the appropriate application form. See Appendix A: Application form – education savings incentives.
2.2. Custodial parent or legal guardian

Payment of the education savings incentives administered by ESDC requires the beneficiary’s SIN.

As a first step, the custodial parent or legal guardian must:

- obtain a copy of the child’s birth certificate
- apply for and obtain a SIN for the child

For the SAGES, the subscriber and the parent or legal guardian (if applicable) must complete and sign the Application for the Saskatchewan Advantage Grant for Education Savings. For the BCTESG, the subscriber and the parent or legal guardian (if applicable) must complete and sign the Application for the British Columbia Training and Education Savings Grant.

2.3. PCG, cohabiting spouse or common-law partner

A person is the individual PCG of a beneficiary if they are eligible to receive the CCB for the beneficiary.

An individual PCG or, as of January 1, 2018, their cohabiting spouse or common-law partner, if applicable, must provide their name and SIN on the CESP application form to request the CLB and the Additional CESG. The PCG’s adjusted income is used, in part, to validate eligibility for the CLB and the Additional CESG.

By completing and signing the CESP application form, this person is providing their information to validate eligibility for the Additional CESG or the CLB. They are also designating the RESP to receive these incentives in trust.

The CRA calculates an individual PCG’s adjusted income using, in part, the net income reported on line 236 of tax returns filed by the individual PCG, and that of their cohabiting spouse or common-law partner, if applicable.

An organization is the public PCG of a beneficiary if it is entitled to receive payments for the beneficiary under the CSAA. A public PCG must provide their business number (BN) to request the Additional CESG and the CLB.
2.4. RESP promoter

Throughout the RESP life cycle, the RESP promoter is responsible for managing the information and transactional processes associated with the RESP and education savings incentives requirements.

These responsibilities include the following:

- Enroll with the CRA as an RESP promoter. During this process, RESP promoters will submit proposed Specimen Plans to the CRA. Upon approval, they will receive a specimen number for each plan.
- Enroll with ESDC as a participating RESP promoter. This requires the RESP promoter and their trustee to:
  - enter into a formal agreement with ESDC in order to offer the applicable education savings incentives
  - undergo and pass industry system testing to ensure compliance with the CESP system requirements

For more information about the enrollment process contact ESDC at: NC-INSCRIPTION_ENROLMENT-GD@hrsdc-rhdcc.gc.ca

Once recognized as a participating RESP promoter, promoters can assist their clients in opening RESPs so that eligible beneficiaries can benefit from the education savings incentives administered by ESDC.

The RESP promoter is responsible for:

- collecting from the subscriber the information required to open and register an ESP and to apply for the education savings incentive(s). This information must be protected according to federal and provincial privacy requirements. See 3. Federal and provincial privacy requirements.
- registering ESPs with the CRA via the CESP system;
- assisting subscribers in applying for the applicable education savings incentives in respect of eligible beneficiaries;
- submitting contract and financial information to the CESP system. This information includes RESP and incentive-related data and is submitted to the CESP system electronically, according to a specified format. See Chapter 1-3: CESP system and Interface Transaction Standards (ITS);
- ensuring contributions (assisted and unassisted), earnings, the CESG, the CLB and provincial incentives (such as the SAGES, the BCTESG and the QESI) are tracked using separate RESP notional accounts in an RESP;
- advising the subscriber when incentive payments are received or if repayments are required;
- transferring funds to another RESP based on direction from the subscriber. This may include collaborating and communicating with other RESP promoters;
- maintaining a record of all RESP transactions. This information, which must be reported to the CESP system, includes all:
  - contributions
  - withdrawals
  - educational assistance payments (EAPs)
  - transfers
  - other transactions
Chapter 1–1: ESDC’s Canada Education Savings Program

- receiving requests for EAPs from the subscriber or beneficiary, and verifying the beneficiary’s eligibility for such payments;
- making EAPs and calculating the portion of the EAP attributable to each incentive. See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs); and
- advising the subscriber of potential options for distributing funds remaining in the RESP prior to terminating the RESP, including:
  - accumulated income payment (AIP);
  - rollover of RESP investment earnings into a Registered Disability Savings Plan (RDSP);
  - rollover of RESP investment earnings into the Registered Retirement Savings Plan (RRSP) of the subscriber or the subscriber’s spousal RRSP; or
  - payment to a designated post-secondary educational institution.

See Chapter 3-3: Options for assets remaining in the RESP.

Unless otherwise specified, the procedures associated with each of the above responsibilities are included in Section 2: Education savings incentives.

2.5. Employment and Social Development Canada

ESDC is responsible for the administration and delivery of a number of education savings incentives available to eligible beneficiaries of RESPs. Within ESDC, the CESP provides the delivery mechanism and necessary system supports for the effective administration of these incentives. The CESP:

- receives the contract, beneficiary, and subscriber information needed to register ESP contracts, verifies this information, and communicates the request to register the ESP with the CRA;
- administers the education savings incentives authorized by the Canada Education Savings Act. This includes the CESG and the CLB;
- determines eligibility for the Additional CESG and for the CLB, based on information pertaining to the beneficiary’s primary caregiver. This information is obtained through an information-sharing process with the CRA;
- processes the SAGES payments in collaboration with the Government of Saskatchewan;
- processes the BCTESG payments in collaboration with the Government of British Columbia; and
- receives and processes transactions submitted to the CESP system. This includes information associated with:
  - the RESP contract;
  - the beneficiary and subscriber; and
  - various financial transactions.

The procedures within this guide outline how the CESP system interacts with the RESP promoter in each of these circumstances.
2.6. Canada Revenue Agency

The effective administration of the CESP depends on the collaborative partnership with the CRA.

The CRA is responsible for:

- administering the registration of ESPs according to the requirements set out under the Income Tax Act (ITA);
- sharing information for the purposes of confirming a beneficiary’s eligibility for the Additional CESG and the CLB; and
- confirming a beneficiary is a child in care of an agency receiving payments under the CSAA.

For the purposes of the Additional CESG, the CRA validates eligibility based on the adjusted income level of the beneficiary’s individual primary caregiver. See Chapter 2-1: Canada Education Savings Grant (CESG).

For the purposes of the CLB, the CRA validates eligibility based, in part, on the number of qualified children and the adjusted income of the beneficiary’s individual primary caregiver. See Chapter 2-2: Canada Learning Bond (CLB).

2.7. Saskatchewan Government

The Government of Saskatchewan:

- funds the SAGES program; and
- has an agreement with ESDC to deliver this education savings initiative.

Within ESDC, the CESP utilizes its system and the existing program framework to administer and deliver the SAGES on behalf of the province of Saskatchewan.

Note:

On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Additional information pertaining to the suspension of the SAGES is provided in information bulletin # 722 sent June 12, 2017, available through the Canada.ca/RESPresources Web page.

See Chapter 2-4: Saskatchewan Advantage Grant for Education Savings (SAGES).
2.8. British Columbia Government

The Government of British Columbia:

- funds the BCTESG program; and
- has an agreement with ESDC to deliver this initiative.

Within ESDC, the CESP utilizes its system and the existing program framework to administer and deliver the BCTESG on behalf of the province of British Columbia.

See Chapter 2-3: British Columbia Training and Education Savings Grant.

3. Federal and provincial privacy requirements

When applying for education savings incentives, certain eligibility criteria associated with the RESP and education savings incentives require the RESP promoter to collect information about:

- the subscriber;
- the beneficiary;
- the custodial parent or legal guardian; and
- the PCG or the individual PCG’s cohabiting spouse or common-law partner.

Federal and provincial privacy legislation stipulates how organizations in the private sector must manage the collection, storage and use of personal information. Therefore, when assisting clients to apply for the education savings incentives, it is important to be aware of and understand the privacy legislation in place in each jurisdiction. These are summarized below.
3.1. Federal privacy legislation

Canada has two federal privacy laws:

- Privacy Act
- Personal Information Protection and Electronic Documents Act (PIPEDA)

The Privacy Act gives individuals the right to access and request correction of their personal information held by federal government institutions, and specifies how the government can collect, use, disclose, and retain personal information. It requires that government institutions develop and maintain an index of personal information holdings called Personal Information Banks (PIBs).

The index is a means of organizing information for the purpose of public access and ensures that PIBs are registered, approved, and identified in Info Source.

The Act provides the legal framework for protecting personal information, accessing personal information, data-matching, and controlling the use of SINs. For more information about the Privacy Act, visit the web site of the Office of the Privacy Commissioner of Canada.

The PIPEDA is federal legislation that protects personal information. PIPEDA sets out principles that organizations, individuals, associations, partnerships, and trade unions must follow when collecting, using, and disclosing personal information in the course of a commercial activity.

PIPEDA applies to the commercial activities of the federally regulated private sector (such as banks), the retail sector, publishing companies, the service industry, manufacturers, and other provincially regulated organizations.

For more information about PIPEDA, visit the web site of the Office of the Privacy Commissioner of Canada.

The federal government may exempt organizations or activities in provinces that have their own privacy laws if they are substantially similar to the federal law. PIPEDA will continue to apply in those provinces to the federally regulated private sector and to personal information in inter-provincial and international transactions by all organizations engaged in commercial activities.

Oversight of both federal Acts rests with the Privacy Commissioner of Canada who is authorized to receive and investigate complaints.
3.2. Provincial privacy legislation

The province of Saskatchewan has its own privacy legislation named the *Freedom of Information and Protection of Privacy Act* (FOIP).

The **FOIP** governs the collection, use, and disclosure of personal information by a government institution. It provides individuals with a general right of access to, and correction of, their personal information.

For more information about FOIP, visit the web site of the **Office of the Information and Privacy Commissioner of Saskatchewan**.

The province of British Columbia has its own privacy legislations named the:

- **Freedom of Information and Protection of Privacy Act** (FIPPA).
- **Personal Information Protection Act** (PIPA)

In the public sector, FIPPA gives individuals the right to request records that contain their personal information, as well as records such as reports, audits, and financial information of the public body.

In the private sector, PIPA gives individuals the right to request access to their personal information in the custody or control of a private sector organization.

Both FIPPA and PIPA set out the rules that public bodies and organizations must follow when handling personal information, including the collection, use and disclosure of personal information.

For more information about FIPPA and PIPA, visit the web site of the **Office of the Information and Privacy Commissioner for British Columbia**.
4. The education savings incentives processes – an overview

The following illustration provides an overview of the application and payment process for the education savings incentives administered by ESDC.

Legend:
- Requires the submission of electronic transactions to the CESP system.

For more information about submitting these transactions, see Chapter 1-3: CESP system and Interface Transaction Standards (ITS).

Section 1 Chapter 1-4: Registered Education Savings Plans (RESPs)

Section 2: Education savings incentives and Appendix A: Application form – education savings incentives

Section 3 Chapter 3-1: RESP Transfers and the Education savings incentives

Section 3 Chapter 3-2: Post-secondary education and educational assistance payments (EAPs)

Section 3 Chapter 3-3: Options for assets remaining in the RESP

- Open education savings plan (ESP) and have it Registered (RESP)
- Assist subscriber in reviewing the beneficiary’s eligibility for the education savings incentive(s)
- Complete the appropriate application form(s) and apply for the incentive(s)
- Facilitate any transfers between RESPs
- Receive, deposit, track incentive payments in RESP accounts
- Submit repayment of incentive(s) If required
- Make EAPs to eligible beneficiaries attending post-secondary education
- Assist subscriber in distributing remaining RESP earnings

December 20, 2018
Important notice: This document is revised regularly. Visit the following address for the latest version: Canada.ca/RESPresources (User Guides and Publications tab)

Canada Education Savings Program – RESP provider user guide

CHAPTER 1-2

Key concepts

There are a number of legislative and program elements that govern the delivery and administration of the following education savings incentives:

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

Throughout this guide, these elements are referred to as “key concepts”. Unless otherwise indicated, the key concepts in this chapter apply to all education savings incentives. To view concepts that are unique to a particular incentive, refer to the related chapter in Section 2: Education savings incentives. Relevant key concepts appear immediately following the corresponding eligibility criteria.

An understanding of these concepts and requirements will allow Registered Education Savings Plan (RESP) promoters to assist the subscriber to apply for, and receive, the education savings incentive(s) for which they qualify.

See Appendix C for a list of acronyms and terms used in this guide.

In this chapter

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2. RESP ........................................................................... 1 – 2 – 2
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6. Notional accounts and the education savings incentives 1 – 2 – 5
7. Key concepts specific to incentives ............................ 1 – 2 – 6
1. Legislative authorities – ESDC and the CRA

ESDC and the Canada Revenue Agency (CRA) work together in administering the education savings incentives and RESPs. They do so under the following legislative authorities:

- The *Income Tax Act (ITA)* governs RESPs – the vehicle used to deposit education savings incentives and save for the beneficiary’s post-secondary education.
- The *Canada Education Savings Act (CESA)* authorizes payment of the CESG and the CLB.
- The *Canada Education Savings Regulations* determine eligibility and on-going administration of the CESG and the CLB.
- The *Saskatchewan Advantage Grant for Education Savings Act* authorizes the payment of the SAGES.
- The *Special Accounts Appropriation and Control Act* authorizes the payment of the BCTESG.

2. RESPs

The subscriber initiates the incentive application process by entering into an education savings plan (ESP) with an RESP promoter and requesting the ESP to be registered with the CRA. Once successfully registered, it becomes an RESP. The RESP then becomes the account for contributions, education savings incentive payments, and accumulated earnings. See Chapter 1-4: Registered Education Savings Plans (RESPs).

Certain incentives may have particular RESP-related requirements. Such requirements are addressed within the related incentive chapters in Section 2: Education savings incentives.

3. RESP contribution limits

From 1998 to 2006, the ITA limited RESP annual contributions to a maximum of $4,000 and lifetime contributions to a maximum of $42,000 per beneficiary. For 2007 and future years, there is no longer an annual contribution limit and the lifetime contribution limit is $50,000 per beneficiary.

The payment of education savings incentives into an RESP are not considered to be RESP contributions and are not included when calculating RESP contribution limits.
4. Social Insurance Number

The Social Insurance Number (SIN) is a key information element used by the CESP system. See Chapter 1-3: The CESP System and Interface Transaction Standards (ITS).

A SIN is also needed for both the subscriber and beneficiary in order to establish and register an ESP.

Requesting the Additional CESG and the CLB also requires SIN information of the individual primary caregiver (PCG) or their cohabiting spouse or common-law partner. However, if a beneficiary is in care of a public PCG, their business number (BN) is required to request these education savings incentives.

When applying for education savings incentives, verify SIN requirements outlined with the individual education savings incentive chapters in Section 2: Education savings incentives.

5. The beneficiary’s SIN – a unique identifier

The beneficiary’s SIN is used by the CESP system to:

- Provide the CRA with registration information about the plan.
- Track RESP contributions and education savings incentive payments for the beneficiary.
- Determine if the beneficiary’s contribution and education savings incentive limits have been reached.

As the beneficiary’s SIN information is subject to rigorous validation checks, it is critical to verify the accuracy of this information when completing the RESP process and applying for education savings incentives.
5.1. Applying for a SIN

The SIN application form and related information can be obtained from a Service Canada office or the following Web address:


Accurate information ensures that education savings incentive requests can be processed

The beneficiary must be established in the CESP system before a request for an education savings incentive can be processed. To do this, the beneficiary’s SIN is compared and validated against five key data elements held in the Social Insurance Registry (SIR):

- first name
- last name
- date of birth
- SIN
- sex

When applying for the education savings incentives, the RESP promoter must submit beneficiary information that matches the data held at SIR. Otherwise, an error report will be sent to the RESP promoter, identifying the field(s) in error. Until the correction is made and resubmitted to the CESP system, payment of the education savings incentives will be delayed. See Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).

Custodial parents and legal guardians can request a free confirmation of the beneficiary’s SIN information at a Service Canada office to avoid education savings incentive payment delays due to inaccurate information.
6. Notional accounts and the education savings incentives

An RESP is comprised of the following notional accounts:

- assisted contributions made to the RESP by the subscriber
- unassisted contributions made to the RESP by the subscriber
- CESG – combines the Basic CESG and the Additional CESG
- CLB – maintained in separate notional accounts for each beneficiary
- provincial incentives - maintained in separate notional accounts for each designated provincial program
- earnings

RESP promoters are responsible for maintaining records and books of account to enable ESDC to determine if the education savings incentives can eligibly be paid or are required to be repaid.

When a financial transaction is processed in respect of the beneficiary, funds are deposited into or withdrawn from the appropriate notional account depending on the nature of the transaction.

For example, contributions are deposited into the contribution notional account and education savings incentives are deposited into the related notional accounts (e.g. the CESG is deposited into the CESG notional account).

For education savings incentives administered by ESDC, the CESP system tracks these various activities, by beneficiary, to ensure limits are not exceeded. Also, if all or a portion of an education savings incentive must be repaid, the amount will ultimately be withdrawn (repaid) from the notional account of that incentive.

Requirements for reporting RESP transactions to the CESP system are specified in the CESP Interface Transaction Standards (ITS) which can be downloaded from Canada.ca/RESPresources under the Systems Documentation tab.
6.1. Provincial incentives

An RESP promoter must be able to track transactions associated with each of the designated provincial programs that the promoter delivers to the public.

For example:

- Promoters delivering the BCTESG have notional accounts to track all activities associated with the BCTESG. As ESDC administers the BCTESG, transactions associated with the BCTESG are reported to the CESP system using the BCTESG notional account.
- Promoters delivering the SAGES have notional accounts to track all activities associated with the SAGES. As ESDC administers the SAGES, transactions associated with the SAGES are reported to the CESP system using the SAGES notional account.
- Promoters delivering the Quebec Education Savings Incentive (QESI) have notional accounts to track all activities associated with the QESI. As ESDC does not administer the QESI, promoters do not report specific QESI amounts associated with RESP transactions to the CESP system.

7. Key concepts specific to incentives

There are other important key concepts that are associated with, and unique to, each of the education savings incentives. These are defined and elaborated on within each related chapter in Section 2: Education savings incentives, and can be found immediately after the corresponding eligibility criteria.

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**Reporting QESI data to the CESP system**

Promoters must include all assets in RESPs when reporting the fair market value (FMV) of an RESP in their monthly summary reports (RT 700). As such, the FMV amount should include education saving incentives from all sources present in the RESP, including the QESI if applicable.

Promoters are not required to report specific QESI amounts in educational assistance payment (EAP) transactions reported to the CESP system. However, if there are QESI amounts in an EAP, they must be included in the total EAP amount reported to the CESP system.
Once the appropriate forms have been completed and signed, key information must be sent electronically to the Canada Education Savings Program (CESP) system, along with transactions for the incentive(s) administered by Employment and Social Development Canada (ESDC). This is usually handled by the Registered Education Savings Plan (RESP) promoter's back office or by an external service provider.

The RESP promoter plays a key role to ensure the CESP system receives the information it requires to:

- register Education Savings Plans with the Canada Revenue Agency (CRA);
- process transactions for the following incentives administered by ESDC:
  - Canada Education Savings Grant (CESG)
  - Canada Learning Bond (CLB)
  - Saskatchewan Advantage Grant for Education Savings (SAGES)
  - British Columbia Training and Education Savings Grant (BCTESG)

This chapter provides an overview of the CESP system and the type of information exchanged between the RESP promoters and the CESP system.

See Appendix C for a list of acronyms and terms used in this guide.
1. CESP system overview

1.1. What is the CESP system

The CESP system is an ESDC electronic application that supports the delivery of federal and provincial education savings incentives administered by ESDC. The CESP system enables the exchange of electronic information with the following partners:

- RESP promoters
- Social Insurance Registry (SIR)
- Canada Revenue Agency (CRA)

When a subscriber opens an Education Savings Plan (ESP), the RESP promoter assists the subscriber in completing the appropriate forms and collects two categories of non-financial information:

- information about the contract itself
- information about the subscriber and the beneficiary

The RESP promoter submits the initial transactions for a new ESP to the CESP system. For more information, see 4.1. Transactions required to set up an RESP.

Once this information has been validated, the contract can be registered with the CRA to become an RESP and the beneficiary will be established in the CESP system. Financial transactions can then be processed for the beneficiary, such as:

- contributions;
- requests for incentives;
- repayment of incentives;
- educational assistance payments (EAPs);
- etc.
Information exchanged between the RESP promoter and the CESP system allows ESDC to:

- verify contract, subscriber, and beneficiary information;
- submit requests to the CRA to register ESPs;
- verify the primary caregiver (PCG) or the PCG’s cohabiting spouse or common-law partner information;
- confirm eligibility for the incentives administered by ESDC;
- monitor transactions related to limits for each beneficiary; and
- track payments and repayments of incentives administered by ESDC.

The CESP system also generates reports concerning designated provincial programs administered by ESDC for the following provincial governments:

- the Government of Saskatchewan
- the Government of British Columbia

### 1.2. CESP system terminology

Some key terms related to the CESP system are used in this chapter and throughout this guide.

<table>
<thead>
<tr>
<th>term</th>
<th>description</th>
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</thead>
<tbody>
<tr>
<td><strong>business number (BN)</strong></td>
<td>In the CESP system, the business number (BN) is a 15 character alphanumeric code that identifies the RESP promoter or agent authorized to submit transactions to the CESP system.</td>
</tr>
<tr>
<td><strong>Interface Transaction Standards (ITS)</strong></td>
<td>The Interface Transaction Standards (ITS) is a document that specifies the procedure for formatting and electronically submitting transactions to the CESP system. See <a href="#">2. Interface Transaction Standards (ITS)</a>.</td>
</tr>
<tr>
<td><strong>record type (RT)</strong></td>
<td>The ITS uses a series of record types (RT) to categorize the information that is exchanged between the RESP promoter’s system and the CESP system. For example, RT 100 identifies a record that describes the contract information of an RESP. See <a href="#">2.3. Record types and transaction types</a>.</td>
</tr>
<tr>
<td><strong>transaction type (TT)</strong></td>
<td>A two-digit number breaks down record types (RT) of promoter transactions into distinct transaction types (TT). For example, a financial transaction that reports an RESP contribution can be referred to as a 400-11 transaction. See <a href="#">2.3. Record types and transaction types</a>.</td>
</tr>
</tbody>
</table>
1.3. Monthly CESP system processing cycle

The CESP system processes transactions submitted by RESP promoters and pays the corresponding incentives on a monthly basis.

1.3.1. Managed secure file transfer

RESP promoters must use managed secure file transfer (MSFT) software to send data to the CESP system via the Internet. It is Entrust ® enabled and is recognized by ESDC as a secure method of data encryption.

1.3.2. Schedule of cut-off dates for production runs

ESDC provides schedules identifying applicable processing dates, which include:

- processing periods
- production run cut-off dates
- payment dates

These schedules are forwarded to RESP promoters as an electronic bulletin. They are also available on the Systems documentation tab of the Canada.ca/RESPresources webpage.

1.3.3. Reporting and processing periods

Each calendar month corresponds to a specific reporting period in which promoters:

- generate new RESP transactions as they occur; and
- make corrections to transactions that were either rejected or not submitted accurately to the CESP system in previous periods.

Each processing period begins after the last day of the corresponding reporting period, on the first day of the following month. The CESP system processes promoter files that are submitted by 5 p.m., Eastern Time, on the fourth business day of each month. These files cannot include any transactions that occurred after the last day of the corresponding reporting period.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Processing Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>24</td>
<td>25</td>
</tr>
</tbody>
</table>
1.4. Process overview

The following overview describes how RESP transactions are processed by the CESP system.

1. **RESP promoter:** Submits transactions electronically to the CESP system for the reporting period. Non-financial transactions are used to request registration of the ESP. Other transactions involve the incentives administered by ESDC. See 2.3 Record types and transaction types and 4. Setting up an RESP.

2. **CESP system:** Retrieves the submitted transactions and uploads them to the CESP system.

3. **CESP system:** Validates non-financial transactions:
   - Confirms completion of mandatory fields and proper formatting based on the ITS (e.g., date fields must be submitted as YYYYMMDD).
   - Verifies compliance with business rules (e.g. beneficiary’s age) and conducts Social Insurance Number (SIN) validation.

   **SIN validation**
   see 4.1.2. Beneficiary information (200-03)

   The CESP system conducts a preliminary validation on the SIN itself before submitting the remaining SIN information to SIR for validation.

   **If the beneficiary SIN fails the preliminary CESP validation,** the transaction is rejected and the promoter receives a RT 800 in the transaction error report.

   **If the beneficiary SIN passes preliminary CESP validation,** the beneficiary information is sent to SIR for validation.

   **If SIR validation fails,** the transaction is rejected and the promoter receives a RT 800 in the transaction error report that specifies which fields did not match.

   **If SIR validation is successful,** the beneficiary is added to the CESP system database and a RT 900 in the transaction processing report is sent to the RESP promoter.

4. **CESP system:** Once all contract information has been validated, communicates to the CRA the request to register the ESP.

5. **CESP system:** Processes transactions that have an impact on the incentives administered by ESDC. If the transaction includes a request for the CLB and/or the Additional CESG, the CESP system confirms the following with the CRA:
   - Information provided for the beneficiary’s PCG or the PCG’s cohabiting spouse or common-law partner matches CRA records for the beneficiary;
   - The beneficiary is a dependent of the PCG; and
   - The beneficiary is eligible for the CLB and/or the Additional CESG.

6. **CESP system:** Generates reports to RESP promoters, informing them of the production results, including the payment or repayment of incentives administered by ESDC.
Chapter 1–3: The CESP System and Interface Transaction Standards

CESP system reports
see 3.1. Monthly CESP system reports

The RESP promoter receives confirmation of the status for each transaction submitted to the CESP system using the following monthly system reports:

- **Transaction error report (RT 800)** – advises that validation has failed or information submitted is missing, incorrect, or incorrectly formatted. The transaction must be corrected and resubmitted.
- **Severe error report (RT 850)** - identifies severe errors and advises that the record is rejected and must be corrected and resubmitted.
- **Transaction processing report (RT 900 + RT 910 + RT 911)** - acknowledges that a transaction has been successfully processed.
- **SIN validation report (RT 920)** – advises that validation of the beneficiary’s SIN with SIR has revealed that the SIN is not usable, usable or linked.
- **Contract registration report (RT 950)** - acknowledges that the contract is eligible for registration.

7. **CESP system**: Based on processing results of financial information:
   - Updates beneficiary accounts, including the total amounts of incentives administered by ESDC paid in respect of each beneficiary.
   - Updates specimen plan information including the total amount paid for incentives administered by ESDC for each specimen plan to identify and track liability for these incentives.

8. **CESP system**: Forwards an electronic bulletin to inform RESP promoters when report files are ready to be downloaded using MSFT.

9. **CESP system**: Sends the payment to the RESP promoter’s account.

10. **RESP promoter**: Uses the transaction processing report to update contract accounts. This could include:
    - information regarding ‘registerable’ status of the contract
    - payments or repayments of incentives administered by ESDC
    - transfers
    - EAPs

11. **RESP promoter**: Uses the transaction error report and severe error report to identify rejected transactions and submit the required transactions to correct errors.
2. Interface Transaction Standards (ITS)

2.1. What is the ITS

The ITS specifies how RESP promoters and the CESP system exchange electronic information by:

- outlining procedures for formatting and submitting transactions; and
- describing how the CESP system validates and processes the transactions.

The ITS is available at Canada.ca/RESPresources under the Systems documentation tab. Amendments to the ITS are communicated to RESP promoters via an electronic bulletin.

2.2. What is a record

RESP promoters send files with RESP transactions to the CESP system for processing and the CESP system sends report files back to the promoters. Both files can contain any number of records.

A record is:

- a series of up to 500 characters on one line;
- a collection of fields in groups of adjacent characters; and
- detailed information about one transaction.
2.3. Record types and transaction types

The record type (RT) and transaction type (TT) fields categorize promoter transaction records. For example, EAP transactions may be called “400-13” transactions because they have a RT of 400 (positions 1-3) and a TT of 13 (positions 42-43).

<table>
<thead>
<tr>
<th>RT</th>
<th>TT</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>01</td>
<td>Contract information</td>
</tr>
<tr>
<td>200</td>
<td>03</td>
<td>Beneficiary information</td>
</tr>
<tr>
<td></td>
<td>04</td>
<td>Subscriber information</td>
</tr>
</tbody>
</table>

**Non-financial transactions required to register an RESP**

<table>
<thead>
<tr>
<th>RT</th>
<th>TT</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>11</td>
<td>Contribution (and possible request for the CESG)</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>EAP</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>PSE contribution withdrawal</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Transfer in (contract)</td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Incentive repayment</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Termination adjustment</td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Transfer out (contract)</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>Request for CLB payment</td>
</tr>
</tbody>
</table>

**Transactions with a financial impact on RESPs**

<table>
<thead>
<tr>
<th>RT</th>
<th>TT</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>410</td>
<td>30</td>
<td>SAGES request</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>Cancel SAGES request</td>
</tr>
<tr>
<td>411</td>
<td>40</td>
<td>BCTESG request</td>
</tr>
<tr>
<td></td>
<td>41</td>
<td>Cancel BCTESG request</td>
</tr>
</tbody>
</table>

**Summary Records**

<table>
<thead>
<tr>
<th>RT</th>
<th>TT</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>700</td>
<td>None</td>
<td>Summary report transaction (RESP fair market value)</td>
</tr>
</tbody>
</table>
2.4. Common fields in promoter transactions

The first seven fields (positions 1 to 68) are common and mandatory for all RESP promoter transactions. ITS validation rules identify other mandatory fields for each record type.

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record type</td>
<td>1-3</td>
<td>Identifies the record type</td>
</tr>
<tr>
<td>Transaction date</td>
<td>4-11</td>
<td>The date an event occurred Format: YYYYMMDD</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>12-26</td>
<td>Unique number assigned by the promoter to track each transaction</td>
</tr>
<tr>
<td>Promoter BN</td>
<td>27-41</td>
<td>Unique number assigned to each promoter for the CESP system</td>
</tr>
<tr>
<td>Transaction type</td>
<td>42-43</td>
<td>Used to categorize the type of promoter transaction</td>
</tr>
<tr>
<td>Specimen plan ID</td>
<td>44-53</td>
<td>Unique number assigned by CRA for each specimen plan</td>
</tr>
<tr>
<td>Contract ID</td>
<td>54-68</td>
<td>Unique number assigned by the promoter to identify an RESP</td>
</tr>
</tbody>
</table>

The CESP system rejects all promoter transactions that do not include the mandatory information. Depending on which field is missing, the CESP system will generate either a RT 850 in the severe error report, or a RT 800 in the transaction error report with a 7005 error code.

2.5. Record types in CESP system reports

The record type (RT) also categorizes records generated by the CESP system in report files. The following table shows key record types used in these reports. See 3. CESP reports.

<table>
<thead>
<tr>
<th>CESP system report files</th>
<th>RT</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction error report (.err)</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Severe error report (.ser)</td>
<td>850</td>
<td></td>
</tr>
<tr>
<td>Transaction processing report (.pro)</td>
<td></td>
<td>Monthly</td>
</tr>
<tr>
<td>• Financial transactions</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>• SAGES transactions</td>
<td>910</td>
<td></td>
</tr>
<tr>
<td>• BCTESG transactions</td>
<td>911</td>
<td></td>
</tr>
<tr>
<td>SIN validation report (.svr)</td>
<td>920</td>
<td></td>
</tr>
<tr>
<td>Contract registration report (.reg)</td>
<td>950</td>
<td></td>
</tr>
<tr>
<td>Referral report (.ref)</td>
<td>960</td>
<td>Daily</td>
</tr>
</tbody>
</table>
2.6. System compliance and industry testing

As part of the RESP promoter enrollment process, all participating financial institutions offering education savings incentives administered by ESDC must ensure their system can:

- communicate with the CESP system; and
- comply with the ITS.

The mandatory industry testing process helps financial organizations to ensure their system is ready to report transactions to, and receive information from, the CESP system.

Test files sent electronically to the CESP system must receive an industry testing score of 90% or higher before the RESP promoter can submit production files for processing.

The CESP Industry Testing Guide is available at Canada.ca/RESPresources under the Systems documentation tab.
3. CESP reports

3.1. Monthly CESP system reports

The CESP system acknowledges the processing status of each promoter transaction in monthly reports.

<table>
<thead>
<tr>
<th>Status</th>
<th>RT</th>
<th>Monthly report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processed</td>
<td>RT 900 (CESG &amp; CLB) RT 910 (SAGES) RT 911 (BCTESG)</td>
<td>Transaction processing report</td>
</tr>
<tr>
<td>Rejected</td>
<td>RT 800</td>
<td>Transaction error report</td>
</tr>
<tr>
<td></td>
<td>RT 850</td>
<td>Severe error report</td>
</tr>
</tbody>
</table>

A “processed transaction” in this chapter is a transaction that was successfully processed by the CESP system. This includes incentive requests for which incentive payments were refused. The CESP system generates a refusal reason in response to an incentive request when the full amount of the incentive is not paid.

See Appendix F, Understanding refusal reasons.

A “rejected transaction” in this chapter means the transaction was not processed by the CESP system for one of the following reasons:

- The transaction had an error which generated an error code.
- The transaction had a severe error which generated an error type.

See Appendix E, Understanding error codes.

3.1.1. Transaction processing report (RT 900, RT 910 and RT 911)

RT 900 is used to send the following types of notifications:

- successfully processed transactions for the CESG and the CLB
- confirmation of the CESG paid on contributions
- confirmation of the CLB
- refusal reasons for the CESG and the CLB
- other transactions
RT 910 is used to send the following types of notifications:
- successfully processed SAGES transactions
- confirmation of SAGES payments
- refusal reasons for the SAGES
- other transactions

RT 911 is used to send the following types of notifications:
- successfully processed BCTESG transactions
- confirmation of BCTESG payments
- refusal reasons for the BCTESG
- other transactions

The “transaction origin” field in a record indicates why the CESP system generated the record in the transaction processing report. The CESP system generates most of the RT 900, RT 910 and RT 911 in response to promoter transactions and returns a transaction origin of “0” (promoter initiated) for these records. Promoters can use these records to determine the processing status of each submitted transaction.

Promoters may also receive records in their transaction processing reports for other reasons and the transaction origin field for these situations would have a code other than “0” (not “promoter initiated”). These records may also include data required to update RESP notional accounts. For example:
- A CESP promoter support officer initiates a manual intervention.
- The CESP system performs an automatic re-adjudication.
- The CRA reassesses a beneficiary’s eligibility for incentives.
- The CLB is paid for the current benefit year.

3.1.2. Transaction error report (RT 800)

RT 800 advises that an error is present in a transaction. This includes notice that validation has failed or information submitted is missing, incorrect, or incorrectly formatted. The record is rejected and must be corrected and resubmitted.

RESP promoters are responsible for correcting errors and resubmitting updated transactions to the CESP system.

See Appendix E, Understanding error codes.

3.1.3. Severe error report (RT 850)

RT 850 advises that a record was rejected and must be corrected and resubmitted. Severe errors can occur when:
- transactions with the same BN and Transaction ID already exist (the most frequent cause of severe errors);
- the record type is invalid;
- the BN is not 15 characters long; or
- the Transaction ID has not been provided.

Once RESP promoters have passed industry testing, their systems are less likely to generate transactions with severe errors.
3.1.4. SIN validation report (RT 920)

RT 920 advises that a beneficiary SIN is not usable, usable or linked. This report is produced after the monthly SIR validation of all beneficiary SINs that are already included in the CESP system. If there are no SIN issues for beneficiaries named in the RESPs administered by a promoter, that promoter will not receive a SIN validation report. See also 4.2 SIN validation reports.

3.1.5. Contract registration report (RT 950)

RT 950 indicates the registration status of contracts. Promoters should not consider a new contract to be “registerable” at the CRA until the CESP system returns a RT 950 for the contract with the “registration status” field set to “1” (registerable). See also 4.1 Transactions required to set up an RESP

3.1.6. Production processing results report

The production processing results report gives a breakdown of all transaction types processed and the error rate for each type. This report is a PDF file sent in English and French.

3.2. Referral report (RT 960)

The Government of Ontario’s birth registration service enables parents of Ontario newborns to:

- register online the birth of newborn children;
- request a birth certificate;
- apply for a SIN; and
- sign up for federal and provincial child benefits, including the Canada Child Benefit.

This service now includes the ability to request an education savings referral which advances both provincial and federal efforts to encourage and support early and long-term savings for a child’s post-secondary education.

While registering online the birth of a child, parents of Ontario newborns may request to be contacted by a participating RESP promoter of their choice, to learn about and start to open an RESP, and request the CLB and/or the CESG for their child.

When they choose to participate, the parent:

- consents to having their personal information shared;
- validates their contact information; and
- provides their consent to be contacted by the RESP promoter they have chosen.

After confirming the birth registration, ServiceOntario transmits the individual's referral information to the CESP system, which processes this information and provides it to the selected promoter in a daily referral report (RT 960). Promoters will receive a referral report every day whether or not there are referral report records to send. An empty referral report will contain just the header and trailer records.
## 3.3. CESP monitoring reports

Depending on monitoring results, some promoters may also receive monitoring reports in Excel format, in addition to the reports described in the ITS. Individual promoters are informed by email when these Excel reports are available for downloading using MSFT.

<table>
<thead>
<tr>
<th>CESP monitoring report</th>
<th>Purpose</th>
<th>Report month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unregistered contracts</td>
<td>Identifies contracts that may not be deemed “registerable” by the CESP system.</td>
<td>November April</td>
</tr>
<tr>
<td>SIN errors</td>
<td>Identifies financial transactions that were repeatedly rejected (with error codes) because the associated beneficiary is not yet established in the CESP system.</td>
<td>April October</td>
</tr>
<tr>
<td>Three year rule</td>
<td>Identifies financial transactions that were rejected (with SIN-related error codes) but have not been corrected and are at risk of failing the three year rule in the next four to 10 months.</td>
<td>April October</td>
</tr>
<tr>
<td>CLB resubmissions</td>
<td>Identifies CLB requests that were refused (not rejected with error codes), but if resubmitted might now be paid because the CRA and/or CESP system records have been updated.</td>
<td>January April July October</td>
</tr>
<tr>
<td>Monthly monitoring</td>
<td>Summarizes errors for promoters with either error rates greater than 10% or an erred contribution amount greater than $750,000</td>
<td>Monthly (if required)</td>
</tr>
</tbody>
</table>
4. Setting up an RESP

Once the appropriate information has been collected and entered into the RESP promoter’s system, the RESP promoter can submit the required electronic transactions to the CESP system to set up an RESP.

4.1. Transactions required to set up an RESP

The CESP system requires three separate transactions for each ESP to register the contract:

Transaction 1: Contract information (100-01)

This includes information such as the date the contract was opened, the contract number, the specimen plan number, the BN of the financial institution, etc. The 100-01 transaction establishes the contract in the CESP system and identifies whether or not the plan is an “individual/sibling only” plan.

Transaction 2: Beneficiary information (200-03)

Transaction 3: Subscriber information (200-04)

Once all three transactions are processed successfully by the CESP system:

- the promoter receives a RT 950 in the contract registration report with the “registration status” field set to “1” (registerable); and
- the CESP system sends a request to the CRA to register the ESP.
4.1.1. Contract information (100-01)

In contract information transactions (100-01), the “individual/sibling only” field (position 103) is the only other field in addition to the first seven mandatory fields for all promoter transactions. This field must be “1” (Yes) for the CESP system to pay the following incentives:

- Additional CESG
- CLB
- SAGES
- BCTESG

<table>
<thead>
<tr>
<th>Common problems for 100-01</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract set up incorrectly</td>
<td>See refusal reason J in Appendix F – Understanding refusal reasons</td>
</tr>
<tr>
<td>- The “individual/sibling only” field of the 100-01 transaction should have been Yes (1) but was set up using No (0).</td>
<td></td>
</tr>
<tr>
<td>- When the Additional CESG is requested using a 400-11 transaction, the payment is refused with a refusal reason J in a RT 900.</td>
<td></td>
</tr>
</tbody>
</table>

| Contract set up incorrectly | See error code 1010 in Appendix E – Understanding error codes |
| - The “individual/sibling only” field of the 100-01 should have been Yes (1) but was set up using No (0). |
| - When one of the following incentives is requested (using the transaction shown) it is rejected with an error code 1010 in a RT 800. |
|   - Additional CESG (511-12) |
|   - CLB (400-24) |
|   - SAGES (410-30) |
|   - BCTESG (411-40) |

4.1.2. Beneficiary information (200-03)

The following beneficiary information in 200-03 transactions must pass validation at SIR:

- SIN
- given name
- surname
- date of birth
- sex

The CESP system does a preliminary validation of 200-03 transactions before sending the beneficiary information for validation at SIR. If it is mathematically impossible for the SIN to be valid, the CESP system rejects the 200-03 transaction and generates a RT 800 with an error code of 7006 (invalid SIN). If the SIN had already been set up for a beneficiary in the CESP system but the birth years do not match, the CESP system rejects the 200-03 transaction and generates a RT 800 with an error code of 7000 (invalid date).
If the beneficiary information in a 200-03 transaction passes SIR validation, the CESP system generates a corresponding RT 900 in the transaction processing report. This informs the promoter that the beneficiary has been set up successfully in the CESP system and financial transactions may be successfully processed for this beneficiary SIN. If the beneficiary information in a 200-03 transaction fails SIR validation, the CESP system generates a corresponding RT 800 in the transaction error report.

The CESP system processes financial transactions for a beneficiary only if the associated 200-03 transaction has been successfully processed and the beneficiary is established in the CESP system. Otherwise, all financial transactions for the corresponding beneficiary SIN will be rejected with a 7001 or a 7031 error code.

On average, 80% of rejected transactions occur because beneficiary information has failed SIR validation. Promoters can reduce error rates by ensuring that beneficiary information is accurate before submitting 200-03 transactions to the CESP system.
As the CESP system processes non-financial transactions before processing financial transactions, promoters can submit their 200-03 transactions in the same file as the associated financial transactions for a beneficiary.

A 200-03 transaction will be rejected with a 7006 error code (invalid SIN) if the SIN is correct but any of the other four “SIN” fields (given name, surname, date of birth or sex) do not pass SIR validation. The CESP system reports SIR validation results in a RT 800 to help promoters resolve rejected 200-03 transactions with this error code. These SIR validation results appear from position 76 to 80 in a RT 800.

<table>
<thead>
<tr>
<th>RT 800 field name</th>
<th>Position</th>
<th>SIR validation results</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIN</td>
<td>76</td>
<td>0 – Failed SIR validation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – Passed SIR validation</td>
</tr>
<tr>
<td>Given name</td>
<td>77</td>
<td>0 – Failed SIR validation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – Passed SIR validation</td>
</tr>
<tr>
<td>Surname</td>
<td>78</td>
<td>0 – Failed SIR validation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – Passed SIR validation</td>
</tr>
<tr>
<td>Birth date</td>
<td>79</td>
<td>0 – Failed SIR validation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – Exact Match</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 – Failed - Exact year and month matched</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 – Failed - Exact year and day matched</td>
</tr>
<tr>
<td>Sex</td>
<td>80</td>
<td>0 – Failed SIR validation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – Passed SIR validation</td>
</tr>
</tbody>
</table>

For example, if the beneficiary given name is “Katrina” at SIR but the given name field in the 200-03 transaction reported “Trina”, the CESP system would generate a RT 800 in the transaction error report with:

- “SIN” as the field name in positions 42 to 71;
- “7006” as the error code in positions 72 to 75; and
- “0” in position 77 to indicate the given name failed SIR validation.

The fields for SIR validation results are blank when a beneficiary SIN fails the preliminary validation test by the CESP system.
### Common problems for 200-03

<table>
<thead>
<tr>
<th>Problem</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any of the five SIN validation fields fail</td>
<td>See error code 7006 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• Beneficiary SIN information in a 200-03 transaction does not pass SIR</td>
<td></td>
</tr>
<tr>
<td>validation. For example:</td>
<td></td>
</tr>
<tr>
<td>o A nickname is used instead of the official first name at SIR</td>
<td></td>
</tr>
<tr>
<td>(“Bob” instead of “Robert”)</td>
<td></td>
</tr>
<tr>
<td>o First and last names are reversed</td>
<td></td>
</tr>
<tr>
<td>o Day and month are reversed for the date of birth</td>
<td></td>
</tr>
<tr>
<td>• The CESP system rejects the 200-03 transaction with a 7006 error code</td>
<td></td>
</tr>
<tr>
<td>(Invalid SIN). This also prevents the CESP system from processing</td>
<td></td>
</tr>
<tr>
<td>financial transactions for that beneficiary</td>
<td></td>
</tr>
<tr>
<td>Other transactions are rejected</td>
<td>See error codes 7001 and 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• Other transactions are submitted for a beneficiary that has not yet</td>
<td></td>
</tr>
<tr>
<td>been established in the CESP system. These transactions are rejected</td>
<td></td>
</tr>
<tr>
<td>for the affected beneficiary with a 7001 or a 7031 error code in the</td>
<td></td>
</tr>
<tr>
<td>transaction error report.</td>
<td></td>
</tr>
<tr>
<td>Privacy issues for the custodial parent</td>
<td>The promoter could send another 200-03 transaction to the CESP system with the father’s name in the custodial parent name field.</td>
</tr>
<tr>
<td>• A beneficiary’s father contacts the CESP call centre to determine</td>
<td>or</td>
</tr>
<tr>
<td>the grant room available for a beneficiary. However, the beneficiary’s</td>
<td>If the promoter’s system allows it, the promoter could merge the father’s and mother’s name into the same custodial parent name field and submit it to the CESP system in a new 200-03 transaction.</td>
</tr>
<tr>
<td>mother (only) was named in the custodial parent name field (position</td>
<td></td>
</tr>
<tr>
<td>411-440) in the 200-03 transaction. The CESP cannot disclose any</td>
<td></td>
</tr>
<tr>
<td>information to the father for privacy reasons.</td>
<td></td>
</tr>
<tr>
<td>One-name beneficiary</td>
<td>The CESP system now allows the given name field to be blank. If the RESP provider’s system will not allow a blank field for the given name, they could enter a period (.), hyphen (-) or underscore (_).</td>
</tr>
<tr>
<td>• While not a frequent problem, a beneficiary could have only one name</td>
<td></td>
</tr>
<tr>
<td>(the first and last name are one and the same). In the past, a</td>
<td></td>
</tr>
<tr>
<td>request for a manual intervention was needed to allow a beneficiary</td>
<td></td>
</tr>
<tr>
<td>with only one name to be set up in the CESP system.</td>
<td></td>
</tr>
</tbody>
</table>

#### 4.1.3. Subscriber information (200-04)

While the CESP system must determine that it is mathematically possible for the subscriber SIN to be valid, subscriber information is not validated at SIR.
4.2. SIN validation reports (RT 920)

A beneficiary SIN may become unusable for new financial transactions after the beneficiary has been successfully validated and established in the CESP system. This could occur due to:

- a death of the beneficiary;
- a cancelled or expired (temporary 900 series) SIN; or
- a SIN that was used fraudulently.

Each month, the CESP system re-validates the SINs of all beneficiaries previously established in the CESP system. Beneficiaries flagged by SIR are identified using the following SIN issues in a SIN validation report:

1. SIN is not usable
2. SIN is usable
3. Linked SIN

1 – SIN is not usable: A beneficiary will cease to receive incentive payments in an RESP until the promoter corrects the problem by resubmitting a 200-03 transaction for the beneficiary with usable SIN information. While contributions made for the beneficiary could still attract the CESG prior to the SIN being flagged at SIR, contributions made after this date would receive a RT 900 with a refusal reason N (SIN has been flagged by SIR) in the transaction processing report.

2 – SIN is usable: SIR has removed a non-usable flag for a beneficiary SIN already reported in a previous RT 920 in the SIN validation report. For example, this could occur if SIR temporarily froze a SIN and made it usable again at a later date.

3 – Linked SIN: This happens when a beneficiary receives a new SIN to replace a previous SIN. The old SIN is linked to a new SIN. For example, an expired (temporary 900 series) SIN is linked to the new permanent SIN. All financial transactions submitted for the old SIN are rejected using a RT 800 with a 7001 error code (invalid value) in the transaction error report.
4.3. Monitoring reports related to setting up an RESP

Three monitoring reports are related to issues that promoters often encounter while setting up an RESP:

- Unregistered contracts monitoring report
- SIN error monitoring report
- Three year rule monitoring report

The CESP system informs individual promoters by email when these reports are available for downloading using MSFT.

4.3.1. Unregistered contracts monitoring report

Legislation prohibits paying incentives into non-registered plans and promoters are responsible for ensuring that contracts reach registerable status within timelines outlined in the CRA Information Circular IC93-3R2:

“The effective date of registration of an ESP will be the date the plan was opened if all required plan information is sent electronically to the CESP system no later than 60 days after the end of the calendar year the plan was opened.”

In addition to the contract registration report (RT 950), promoters can also use the unregistered contracts monitoring report to help them resolve contract registration issues. These reports are created in November and April.

Unregistered contracts are sent to the CRA in October of the year after the contract was opened which could lead to the following consequences:

- tax implications for subscribers
- loss of incentive payments for beneficiaries

The unregistered contracts monitoring reports are generated for financial transactions that may have received incentive payments. Separate reports in Excel format are sent to address two scenarios:

- transaction 100-01 successfully processed
- transaction 100-01 missing or rejected
Transaction 100-01 successfully processed: This Excel report addresses unregistered contracts for which a contract information transaction (100-01) has been successfully processed but the following issues remain:

- transaction 200-03 is missing or was rejected
- transaction 200-04 is missing or was rejected
- transactions 200-03 and 200-04 are both missing or were rejected

The Excel report contains the following columns for each unregistered contract ID:

- reporting period
- specimen plan ID
- contract ID
- RT 100 transaction ID
- RT 100 transaction Date
- reason for registration failure

Transaction 100-01 missing or rejected: This Excel report addresses unregistered contracts for which a contract information transaction (100-01) was either rejected or never submitted. The Excel report contains the following columns for each unregistered contract ID:

- specimen plan ID
- contact ID
- reason for registration failure

If the transaction 100-01 is missing or was rejected, the contract will not be included in the monthly contract registration report (RT 950). The specimen plan ID and the contract ID provided in the corresponding unregistered contracts monitoring report are obtained from successfully processed financial transactions that refer to the contract ID.

4.3.2. SIN error monitoring report

SIN error monitoring reports are generated in April and October to inform promoters about financial transactions that were repeatedly rejected (with error codes) in the past six months because the 200-03 transaction was rejected for the associated beneficiary.

If the associated 200-03 transaction was rejected with an error code 7006 (invalid SIN), the SIR validation results are also indicated in this report. This report is an Excel spreadsheet containing the following data for rejected financial transactions:

- beneficiary SIN
- contract ID
- specimen plan ID
- error code
- SIR validation results
  - SIN
  - given name
  - surname
  - birthdate
  - sex
4.3.3. Three year rule monitoring report

An incentive will not be paid if the transaction date for the corresponding financial record is more than three years before the date on which the promoter sends the transaction file to the CESP system. The sent date is recorded in the header record (RT 001) of the submitted file. Promoters must resolve errors and resubmit accurate financial transactions within the three year limit for incentives to be paid.

The three year rule monitoring reports are created in April and October to advise promoters about financial transactions that were rejected (with SIN-related error codes) and may be at risk of failing the three year rule in the next four to ten months. This report is an Excel spreadsheet containing the following data for each rejected financial transaction:

- beneficiary SIN
- specimen plan ID
- transaction type
- contract ID
- transaction date
- beneficiary error
  - SIN
  - given name
  - surname
  - birth date
  - sex

The latest SIR flags are provided only when the beneficiary error code is 7006 (invalid SIN). Otherwise, these fields will be blank.

Many financial transactions are rejected because the associated beneficiary has not yet been established in the CESP system. Promoters must have successfully processed a beneficiary information transaction (200-03) for each beneficiary listed in this report before any incentives can be paid for the financial transactions of these beneficiaries.
5. Processing other RESP transactions

Once information about the contract, the subscriber, and the beneficiary has been set up accurately in the CESP system, all other promoter transactions for that beneficiary can be processed by the CESP system.

5.1. Logical processing sequence

Records in each promoter file can be in any order because the CESP system processes transactions in a logical sequence each month. As non-financial transactions are processed before financial transactions, promoters can submit both types of transactions in the same file. However, financial transactions can be processed only after the associated beneficiary has been successfully established in the CESP system.

5.1.1. Order of incentive payments

The CESP system pays incentives in the same order in which incentive requests are successfully processed, using a “1st come, 1st served” approach. If the CESP system processes multiple incentive requests for the same beneficiary in the same processing month, the transaction with the earliest transaction date is processed first, and will receive the incentive payment first.

5.2. Fields used for each RT 400 transaction type

Not all fields are used for each RT 400 transaction type. However, if a field is not used, it must contain “filler” characters that satisfy ITS format specifications for the field. ITS Appendix D identifies the fields used for each RT 400 transaction type.
5.3. Correcting transactions already processed by the CESP system

Promoters are responsible for reporting accurate information to the CESP system. If it is determined that inaccurate information has been successfully processed by the CESP system, the promoter must take appropriate action to correct these inaccuracies. The required process depends on the transaction that must be corrected.

5.3.1. Contract, beneficiary and subscriber information

Promoters can submit new transactions for the contract (100-01), the beneficiary (200-03) and the subscriber (200-04) to correct these transactions if they have already been processed by the CESP system with inaccurate information.

5.3.2. RT 400 transactions

If it is determined that an inaccurate RT 400 transaction has been processed by the CESP system, the promoter must reverse this transaction and submit another transaction with the correct information. Reversals are permitted only to correct administrative errors on RT 400 transactions.

For example, a promoter might determine that a $1,000 contribution was processed by the CESP system with an inaccurate amount of $100. The promoter must reverse the original transaction ($100) and submit a new transaction with the correct contribution amount ($1,000).

Promoters can reverse an inaccurate RT 400 transaction by submitting a new transaction with the following key information:

<table>
<thead>
<tr>
<th>Field in new transaction</th>
<th>Position</th>
<th>Field Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversal flag</td>
<td>121</td>
<td>2 = Reversal</td>
</tr>
<tr>
<td>Original promoter transaction ID</td>
<td>122-136</td>
<td>Matches transaction to reverse</td>
</tr>
<tr>
<td>Original promoter BN</td>
<td>137-151</td>
<td>Matches transaction to reverse</td>
</tr>
</tbody>
</table>

The transaction that is submitted to reverse another transaction must have a new (unique) promoter transaction ID (position 12-26).

The original promoter BN can be the business number of another promoter only if that promoter was merged with or acquired by the current promoter. In these situations, promoters must pass industry testing to demonstrate that their systems are able to reverse transactions that were submitted by the original promoter.

5.3.3. Requests for the BCTESG (411-41)

If the CESP system successfully processed a request for the BCTESG that had an administrative error (e.g. wrong beneficiary) the promoter must submit a cancel BCTESG request transaction (411-41) to the CESP system. This reverses the original request and the promoter could then submit a corrected BCTESG request transaction (4011-40) if required.
5.3.4. Requests for the SAGES (410-31)

If the CESP system successfully processed a request for the SAGES that had an administrative error (e.g. wrong transaction date) the promoter must submit a cancel SAGES request transaction (410-31) to the CESP system. This reverses the original request and the promoter could then submit a corrected SAGES request transaction (410-30) if required.

Reversing a contribution transaction (400-11) associated with a SAGES request automatically reverses the SAGES request.

5.4. Contributions and requests for the CESG (400-11)

5.4.1. Key fields for 400-11

Promoters can request the CESG with a contribution transaction (400-11) using the following key fields:

<table>
<thead>
<tr>
<th>Key 400-11 fields</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary SIN</td>
<td>78-86</td>
<td>The beneficiary SIN must exist in the CESP system. See error code 7001 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>Contribution amount</td>
<td>87-95</td>
<td>Promoters cannot assume this amount is an &quot;assisted contribution&quot;. See the assisted contribution amount field (positions 165-173) in the RT 900.</td>
</tr>
<tr>
<td>Grant requested</td>
<td>96</td>
<td>The CESP system will not pay the CESG on a contribution unless this field is “1” (Yes).</td>
</tr>
<tr>
<td>PCG/spouse</td>
<td>229-243</td>
<td>The Additional CESG will not be paid for a contribution unless these fields are successfully validated with the CRA. The promoter must also be authorized to submit the Additional CESG transactions. See error code 1014 in Appendix E – Understanding error codes.</td>
</tr>
<tr>
<td>PCG/spouse given name</td>
<td>244-263</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse surname</td>
<td>264-283</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse type</td>
<td>284</td>
<td></td>
</tr>
</tbody>
</table>
5.4.2. Key RT 900 fields for 400-11

The CESP system acknowledges successfully processed 400-11 transactions with a RT 900 in the transaction processing report. The following are RT 900 fields of interest for 400-11 transactions.

<table>
<thead>
<tr>
<th>Key RT 900 fields for 400-11</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant amount</td>
<td>26-36</td>
<td>Indicates the Basic CESG amount paid for the corresponding contribution</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated contribution transaction (400-11)</td>
</tr>
<tr>
<td>Refusal reason</td>
<td>67</td>
<td>Provides a refusal reason if the full amount of Basic CESG was not paid</td>
</tr>
<tr>
<td>Transaction origin</td>
<td>68</td>
<td>See 5.4.3: Transaction origins for the CESG</td>
</tr>
<tr>
<td>Additional CES grant amount</td>
<td>136-144</td>
<td>Indicates the Additional CESG amount paid for the corresponding contribution</td>
</tr>
<tr>
<td>Assisted contribution amount</td>
<td>165-173</td>
<td>Indicates the amount of contribution that attracted the CESG</td>
</tr>
<tr>
<td>Additional CES grant refusal reason</td>
<td>174</td>
<td>Provides a refusal reason if the full amount of the Additional CESG was not paid</td>
</tr>
</tbody>
</table>

If the grant requested field for a 400-11 transaction is "1" (Yes), the CESP system will validate eligibility and pay the corresponding CESG amount. The amounts of Basic CESG and Additional CESG paid for a contribution are reported back to promoters separately in different fields of the same RT 900. While promoters must have one notional account to track the total amount of Basic CESG and Additional CESG combined for all beneficiaries in an RESP, promoters may also maintain these accounts at the beneficiary level.

The CESP system informs promoters how much of each contribution attracted the CESG (assisted contributions) in a RT 900 of the transaction processing report and this amount must be updated in the assisted contribution notional account. If applicable, promoters must calculate the remaining contribution amount (unassisted contribution) to update the unassisted contribution notional account. While each contribution must be made in respect of one beneficiary, notional accounts for the assisted contributions and unassisted contributions must be maintained at the plan level.

The notional account balance for assisted contributions and unassisted contributions must be maintained by the promoter. In the event of a transfer, both of these notional account balances must be recorded on the RESP transfer form. The assisted contribution notional account balance is also used to calculate the amount of CESG that must be repaid due to a withdrawal of contributions.
5.4.3. Transaction origins for the CESG

0 – **Promoter initiated**: If the CESP system processes a contribution transaction (400-11), the promoter receives a RT 900 in the transaction processing report to acknowledge the successful processing of this transaction. The transaction origin code (position 68) will indicate that the RT 900 was promoter initiated (transaction origin = 0).

**Other transaction origins**: A promoter may also receive a RT 900 in the transaction processing report for other reasons. These records may also indicate that the CESG balance must be updated for the RESP. The table below explains how to interpret the various transaction origin codes (position 68) for these records.

<table>
<thead>
<tr>
<th>Code</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Re-Adjudication</strong>: For example, a request for the CESG that was initially refused due to the CESG annual limit may subsequently receive the corresponding CESG payment when a promoter reverses other transactions for the same beneficiary.</td>
</tr>
<tr>
<td>2</td>
<td><strong>CESP initiated</strong>: A CESP promoter support officer can perform a manual intervention that has an impact on the CESG account balance in an RESP.</td>
</tr>
<tr>
<td>4</td>
<td><strong>Re-Adjudication due to CRA reassessment</strong>: A beneficiary’s eligibility for the Additional CESG may change after a CRA reassessment, which could change the amount of Additional CESG paid for contributions.</td>
</tr>
</tbody>
</table>
5.4.4. Beneficiary matching report for refusal reason 4

Promoters offering the Additional CESG may receive a beneficiary matching report for refusal reason 4 with the other monthly reports generated by the CESP system. These reports include a record for each request that did not receive the Additional CESG due to refusal reason 4.

The beneficiary matching report is an Excel spreadsheet with the following columns for each record:

- Year of the request
- Beneficiary SIN
- Contract ID
- Beneficiary surname status
- Beneficiary given name status
- Beneficiary birth date status
- PCG/spouse SIN (for individual PCGs)
- PCG BN (for public PCGs)

For more information see Appendix F – Understanding Refusal Reasons

5.4.5. Common problems for 400-11

<table>
<thead>
<tr>
<th>Common problems for 400-11</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary not established in the system</strong></td>
<td>See error codes 7001 and 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>- The beneficiary for whom a contribution (400-11) was made has not yet been set up successfully in the CESP system. The contribution transaction is rejected with an error code 7001 or 7031 in a RT 800.</td>
<td></td>
</tr>
<tr>
<td><strong>Contract not set up correctly</strong></td>
<td>See refusal reason J in Appendix F – Understanding refusal reasons</td>
</tr>
<tr>
<td>- The “Individual/sibling only” field of the 100-01 transaction should have been Yes (1) but was set up using No (0).</td>
<td></td>
</tr>
<tr>
<td>- Additional CESG is requested using a 400-11 transaction but payment is refused with a refusal reason J in a RT 900.</td>
<td></td>
</tr>
</tbody>
</table>
Prior to 2018, only the PCG could provide their name and SIN to request the Additional CESG. If the PCG’s cohabiting spouse or common law partner provided their name and SIN as the PCG instead, a request for the Additional CESG would be processed with a refusal reason “L”. In those situations, the RESP promoter would have had to contact the subscriber and collect the PCG’s information on a new application form and then either submit a 511-12 transaction to provide the updated PCG information, or reverse and resubmit the original 400-11 transaction with the updated PCG information.

As of 2018, either the PCG or their cohabiting spouse or common-law partner, if applicable, can provide their information on the application form to request the Additional CESG. The RESP promoter can submit this PCG/spouse information to the CESP system and not receive a refusal reason “L” if this information matches the CRA records.
5.5. PCG/spouse information (511-12)

In the ITS, the term “PCG/spouse” could refer to:

- the beneficiary’s PCG;
- the PCG’s cohabiting spouse; or
- the PCG’s common-law partner.

The 511-12 transaction may be used to provide new or updated PCG/spouse information on a contribution transaction (400-11) that has already been processed by the CESP system but has not attracted the Additional CESG because:

- no PCG/spouse information was provided in the original contribution transaction; or
- inaccurate PCG/spouse information was provided in the original contribution transaction.

Promoters must pass specific industry testing before submitting 511-12 transactions to the CESP system.

**400-11 fields:**
- Record type
- Transaction date
- Promoter transaction ID
- Promoter BN
- Transaction type
- Specimen plan ID
- Contract ID
- etc.

**511-12 fields:**
- Record type
- (+ 6 other common fields)
- Contribution promoter transaction ID
- Contribution promoter BN
- PCG/spouse Fields (4)

Promoters must submit a separate 511-12 transaction for each corresponding 400-11 transaction.
5.5.1. Key fields for 511-12

The following are key fields for 511-12 transactions:

<table>
<thead>
<tr>
<th>Key 511-12 fields</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction date</td>
<td>4-11</td>
<td>Must be on or after the 400-11 transaction date. See error codes 5032, 5033 and 7039 in Appendix E, Understanding error codes.</td>
</tr>
<tr>
<td>Contribution Promoter transaction ID</td>
<td>69-83</td>
<td>Transaction ID of the 400-11 transaction for which the Additional CESG is being requested. The transaction will be rejected if the corresponding 400-11 transaction is not currently processed or did not request grant. See error codes: 5025, 5026, 5027 and 5030 in Appendix E, Understanding error codes.</td>
</tr>
<tr>
<td>Contribution promoter BN</td>
<td>84-98</td>
<td>Promoter BN submitted in the 400-11 transaction for which the Additional CESG is being requested.</td>
</tr>
<tr>
<td>PCG/spouse</td>
<td>99-113</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse given Name</td>
<td>114-133</td>
<td>These fields must be successfully validated with the CRA before the CESP system will pay the Additional CESG for the specified contribution.</td>
</tr>
<tr>
<td>PCG/spouse surname</td>
<td>134-153</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse type</td>
<td>154</td>
<td></td>
</tr>
</tbody>
</table>

5.5.2. Key RT 900 fields for 511-12

Each processed 511-12 transaction generates one RT 900 with a transaction origin of 0 and two RT 900 with a transaction origin of 8 in the transaction processing report. The following are RT 900 fields of interest for 511-12 transactions.

<table>
<thead>
<tr>
<th>Key RT 900 fields for 511-12</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated PCG/spouse transaction</td>
</tr>
<tr>
<td>Transaction origin</td>
<td>68</td>
<td>Indicates why the RT 900 was generated in the transaction processing report</td>
</tr>
<tr>
<td>Additional CES grant amount</td>
<td>136-144</td>
<td>Indicates the Additional CESG amount paid for the associated contribution</td>
</tr>
<tr>
<td>Additional CES grant refusal reason</td>
<td>174</td>
<td>Provides a refusal reason if the full amount of the Additional CESG was not paid</td>
</tr>
</tbody>
</table>
5.5.3. Alternative to using 511-12

Promoters are not required to use the 511-12 transaction to request the corresponding Additional CESG, if a contribution transaction has been successfully processed with either missing or inaccurate PCG/spouse information. Promoters may choose instead to reverse the original 400-11 transaction and resubmit a new 400-11 transaction with the required PCG/spouse information.

5.5.4. Common problems for 511-12

<table>
<thead>
<tr>
<th>Common problems for 511-12</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three-year rule</td>
<td>See error code 5033 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• A 511-12 transaction is sent to the CESP system for processing more than 3 years after the corresponding contribution transaction (400-11) date. For example: o 400-11: Transaction date = 20100412 o 511-12: File sent date = 20130704</td>
<td></td>
</tr>
<tr>
<td>• The 511-12 transaction is rejected with an error code 5033 in a RT 800.</td>
<td></td>
</tr>
<tr>
<td>Previous 511-12 with the same transaction date</td>
<td>See error code 5032 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• A 511-12 transaction was submitted for a particular contribution but the Additional CESG was refused with a refusal reason in a RT 900. The promoter contacted the subscriber for the correct PCG/spouse information and resubmitted another 511-12 transaction for the same contribution, using the same transaction date as the previous 511-12. The second 511-12 transaction is rejected with an error code 5032 in a RT 800.</td>
<td></td>
</tr>
</tbody>
</table>

Prior to 2018, only the PCG could provide their name and SIN to request the Additional CESG. If the PCG’s cohabiting spouse or common law partner provided their name and SIN as the PCG instead, a request for the Additional CESG would be processed with a refusal reason “L”. In those situations, the RESP promoter would have had to contact the subscriber and collect the PCG’s information on a new application form and then either submit a 511-12 transaction to provide the updated PCG information, or reverse and resubmit the original 400-11 transaction with the updated PCG information.

As of 2018, either the PCG or their cohabiting spouse or common-law partner, if applicable, can provide their information on the application form to request the Additional CESG. The RESP promoter can submit this PCG/spouse information to the CESP system and not receive a refusal reason “L” if this information matches the CRA records.
5.6. Request for CLB payments (400-24)

Only one RESP can be active at any given time for new CLB payments made in respect of a beneficiary.

When a subscriber completes the CLB application form, the promoter must submit a single CLB request transaction (400-24) to the CESP system to receive the accumulated CLB entitlement (if applicable) for this beneficiary. This transaction also makes the RESP active for future CLB installments of this beneficiary.

The CESP system automatically pays CLB installments for each new benefit year to the active RESP of an eligible beneficiary. No additional CLB requests are required for the beneficiary.

If a terminated RESP is currently active for CLB payments, promoters should immediately stop all future CLB payments in the RESP by submitting a CLB request transaction (400-24) with the grant requested field set to “0” (No). Promoters should send separate transactions for each beneficiary with an active CLB request in the RESP.

An RESP may also become inactive for future CLB payments of a particular beneficiary after one of the following events:

- The CESP system receives a more recent 400-24 transaction for the beneficiary in another RESP, with the grant requested field set to “1” (Yes).
- The CESP system receives a grant repayment transaction (400-21) for the beneficiary with a repayment reason of “03” (contract termination), the CLB amount repaid is greater than zero and the transaction date is more recent than the latest CLB request for that RESP.
5.6.1. Key fields for 400-24

The following are key fields for 400-24 transactions:

<table>
<thead>
<tr>
<th>Key fields for 400-24</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary SIN</td>
<td>78-86</td>
<td>The beneficiary SIN must exist in the CESP system. See error code 7001 and 7031 in Appendix E, Understanding error codes.</td>
</tr>
<tr>
<td>Grant requested</td>
<td>96</td>
<td>Makes the RESP either active or inactive for the CLB payments of this beneficiary. A value of “1” (Yes) makes it active, whereas a value of “0” (No) makes it inactive.</td>
</tr>
<tr>
<td>PCG/spouse</td>
<td>229-243</td>
<td>These fields must be successfully validated with the CRA before the CESP system will pay the CLB for the beneficiary. The promoter must also be authorized to submit CLB transactions. See error code 1012 in Appendix E, Understanding error codes.</td>
</tr>
<tr>
<td>PCG/spouse given name</td>
<td>244-263</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse surname</td>
<td>264-283</td>
<td></td>
</tr>
<tr>
<td>PCG/spouse type</td>
<td>284</td>
<td></td>
</tr>
</tbody>
</table>

When terminating an RESP, promoters should submit a 400-24 transaction, for each beneficiary with an active CLB request in the RESP, and set the grant requested field to “0” (No). While this will stop new CLB payments to this RESP, it will not prevent beneficiaries from receiving the CLB payments in another RESP.

5.6.2. Key RT 900 fields for 400-24

The CESP system acknowledges successfully processed 400-24 transactions with a RT 900 in the transaction processing report. The following are RT 900 fields of interest for 400-24 transactions:

<table>
<thead>
<tr>
<th>Key RT 900 fields for 400-24</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated CLB request transaction (400-24)</td>
</tr>
<tr>
<td>Refusal reason</td>
<td>67</td>
<td>Provides a refusal reason if the full amount of CLB was not paid</td>
</tr>
<tr>
<td>Transaction origin</td>
<td>68</td>
<td>See 5.6.3 Transaction origins for the CLB</td>
</tr>
<tr>
<td>CLB amount</td>
<td>127-135</td>
<td>Indicates the CLB amount paid</td>
</tr>
</tbody>
</table>
5.6.3. Transaction origins for the CLB

0 – Promoter initiated: The CLB is paid in response to a CLB request if there is an accumulated CLB entitlement for the beneficiary at that time. The promoter receives a RT 900 in the transaction processing report to acknowledge the successful processing of a CLB request and the transaction origin code (position 68) would indicate that the RT 900 was promoter initiated (transaction origin = 0).

Other transaction origins: A promoter may also receive a RT 900 in the transaction processing report for other reasons and this could indicate that the CLB balance must be updated for the beneficiary. The following table explains how to interpret the various transaction origin codes (position 68) for these other records.

<table>
<thead>
<tr>
<th>Code</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Re-Adjudication: For example, a request for the CLB that was initially refused due to the annual limit may subsequently receive the corresponding CLB payment when a promoter reverses other transactions for the same beneficiary.</td>
</tr>
<tr>
<td>2</td>
<td>CESP initiated: A CESP promoter support officer can perform a manual intervention that will have an impact on the CLB account balance for a beneficiary.</td>
</tr>
<tr>
<td>4</td>
<td>Re-Adjudication due to CRA reassessment: A beneficiary’s eligibility for the CLB may change when the CRA performs a reassessment of the adjusted income for the beneficiary’s PCG.</td>
</tr>
<tr>
<td>6</td>
<td>CLB installment for new benefit year: Promoters submit only one request for the CLB per beneficiary. If a beneficiary is eligible for CLB in a subsequent year, the CESP system will automatically pay the CLB amount for the beneficiary that year.</td>
</tr>
<tr>
<td>7</td>
<td>Payment of CLB entitlement: For example, CLB payments for a beneficiary might be repaid from a terminated RESP. If there is another RESP that is active for the CLB payments of the same beneficiary, the entire repaid CLB amount would be paid to that RESP.</td>
</tr>
<tr>
<td>9</td>
<td>Inactive CLB request: An RESP that was originally active for the CLB payments of a beneficiary would become inactive if a promoter submitted a more recent CLB request for the same beneficiary in another RESP.</td>
</tr>
</tbody>
</table>
5.6.4. CLB resubmissions monitoring report

The CESP system will refuse payment for a CLB request transaction (400-24) when the PCG or the PCG’s spouse or common-law partner information does not match beneficiary information during the CRA validation process. This occurs most frequently when the beneficiary’s information does not match the CRA records, or when the CRA record does not yet exist when the beneficiary matching validation takes place.

Quarterly CLB resubmission monitoring reports inform promoters about CLB requests that were originally refused, but may now pass the CRA validation using the same information for the beneficiary and the PCG or the PCG’s cohabiting spouse or common-law partner. This report is an excel spreadsheet with the following columns for each report record:

- Beneficiary SIN
- Contract ID

5.6.5. Common problems for 400-24

<table>
<thead>
<tr>
<th>Common problems for 400-24</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary not established in the system</strong></td>
<td>See error code 7001 or 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• The beneficiary for whom the CLB was requested has not yet been successfully set up in the CESP system. The CLB request (400-24) transaction is rejected with an error code 7001 or 7031 in a RT 800.</td>
<td></td>
</tr>
<tr>
<td><strong>Contract not set up correctly</strong></td>
<td>See error code 1010 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• The “Individual/Sibling Only” field of the 100-01 transaction should have been Yes (1) but was set up using No (0).</td>
<td></td>
</tr>
<tr>
<td>• CLB is requested for the beneficiary using a 400-24 transaction but payment is rejected with an error code 1010 in a RT 800.</td>
<td></td>
</tr>
</tbody>
</table>

Prior to 2018, only the PCG could provide their name and SIN to request the CLB. If the PCG’s cohabiting spouse or common law partner provided their name and SIN as the PCG instead, a request for the CLB would be processed with a refusal reason “L”. In those situations, the RESP promoter would have had to contact the subscriber and collect the PCG’s information on a new application form and submit a new 400-24 transaction to provide the updated PCG information.

As of 2018, either the PCG or their cohabiting spouse or common-law partner, if applicable, can provide their information on the application form to request the CLB. The RESP promoter can submit this PCG/spouse information to the CESP system and not receive a refusal reason “L” if this information matches the CRA records.
5.7. SAGES (410-30 and 410-31)

There are two types of SAGES transactions which are categorized by the transaction type (30 or 31) specified in the SAGES transaction (RT 410):

- 410-30 = SAGES request
- 410-31 = Cancel SAGES request

Both of these transactions refer to a processed contribution transaction (400-11) using the promoter transaction ID and the promoter ID of the corresponding contribution transaction.

**SAGES request:** A separate SAGES request transaction (410-30) must be sent for each contribution transaction (400-11) to attract the SAGES payment for that contribution.
**Cancel SAGES request:** The cancel SAGES request transaction (410-31) must be used only to correct an administrative error (e.g. wrong transaction date). Unlike a SAGES repayment transaction (400-21), when a promoter cancels a SAGES request, the CESP system restores the cancelled SAGES amount to the beneficiary’s SAGES grant room.

A cancel SAGES request transaction (410-31) cancels the request for SAGES payment on a specific contribution transaction (400-11). It does not reverse the original contribution transaction. However, reversing a contribution transaction automatically cancels a SAGES request that was processed for that contribution.

### 5.7.1. Key fields for RT 410

The following are key fields for SAGES transactions (RT 410):

<table>
<thead>
<tr>
<th>Key fields for RT 410</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Transaction date     | 4-11     | Used to validate refusal reasons for SAGES requests:  
  - O = Late SAGES request  
  - D = Late transaction  
  - 9 = Other |
| Transaction type      | 42-43    | Determines the type of SAGES transaction:  
  - 30 = SAGES request  
  - 31 = Cancel SAGES request |
| Contribution promoter | 69-83    | Transaction ID of the 400-11 transaction for which the SAGES is being requested or cancelled |
| BN                   | 84-98    | Promoter BN submitted in the 400-11 transaction for which the SAGES is being requested or cancelled |

Promoters must use the most recent of the following dates to determine the transaction date of a SAGES request transaction:

- the date that the subscriber completes a SAGES application form; or
- the date that the subscriber makes the corresponding contribution

For example, a subscriber began making contributions to an individual RESP on October 14, 2013, but did not complete a SAGES application form for the beneficiary until February 11, 2014. All SAGES requests for contributions that were made before completing the application form must have a transaction date of February 11, 2014. Any SAGES request for contributions made after that date must have the same transaction date as the contribution transaction.
5.7.2. Key RT 910 fields for RT 410

The CESP system will acknowledge each successfully processed SAGES request transaction (410-30) and cancel SAGES request transaction (410-31) by sending promoters a corresponding RT 910 in their monthly transaction processing report.

A RT 910 will also be generated in the transaction processing report in response to other transactions if they have an impact on the SAGES notional account balance in an RESP.

For example, the CESP system will send one RT 900 and one RT 910 in the transaction processing report for the same financial transaction (RT 400) if:

- the SAGES EAP amount or the SAGES amount is greater than zero; or
- the contribution transaction (400-11) for which a SAGES amount was paid is reversed.

The following RT 910 fields are of interest for SAGES transactions:

<table>
<thead>
<tr>
<th>Key RT 910 fields for RT 410</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES amount</td>
<td>4-14</td>
<td>Amount by which the SAGES account balance changed due to the successful processing of the associated transaction</td>
</tr>
<tr>
<td>Refusal reason</td>
<td>45</td>
<td>Provides the refusal reason if the full amount of SAGES was not paid</td>
</tr>
<tr>
<td>Transaction origin</td>
<td>46</td>
<td>See 5.7.4. Transaction origins for the SAGES</td>
</tr>
<tr>
<td>Contract ID</td>
<td>72-86</td>
<td>Identifies the contract ID for which a manual intervention was performed by a CESP promoter support officer (CESP initiated)</td>
</tr>
<tr>
<td>CESP program transaction date</td>
<td>87-94</td>
<td>Identifies the date on which a manual intervention was performed by a CESP promoter support officer (CESP initiated)</td>
</tr>
<tr>
<td>SIN</td>
<td>95-103</td>
<td>Identifies the beneficiary SIN for which a manual intervention was performed by a CESP promoter support officer (CESP initiated)</td>
</tr>
</tbody>
</table>

5.7.3. SAGES suspension period

On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Promoters may decide to continue accepting and processing SAGES applications after January 1, 2018. However, no SAGES will be paid during the suspension period.
Chapter 1–3: The CESP System and Interface Transaction Standards

Additional information pertaining to the suspension of the SAGES is available on the Canada.ca/RESPresources Web page in the following information bulletins:

<table>
<thead>
<tr>
<th>Information bulletins</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 711</td>
<td>March 23, 2017</td>
</tr>
<tr>
<td>No 722</td>
<td>June 12, 2017</td>
</tr>
<tr>
<td>No 735</td>
<td>September 20, 2017</td>
</tr>
<tr>
<td>No 740</td>
<td>November 8, 2017</td>
</tr>
</tbody>
</table>

5.7.4. Transaction origins for the SAGES

0 – Promoter initiated: If the SAGES is paid in response to a transaction 410-30 the promoter receives a RT 910 in the transaction processing report to acknowledge the successful processing of that request. The transaction origin code (position 46) would indicate the record was in response to a promoter initiated transaction (transaction origin = 0).

Other transaction origins: A promoter may also receive other records pertaining to the SAGES in the transaction processing report. Some of these records may indicate that the SAGES balance must be updated for the RESP.

The table below explains how to interpret the various transaction origin codes (position 68) in these other records:

<table>
<thead>
<tr>
<th>Code</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Re-adjudication: For example, a request for the SAGES that was initially refused due to the annual SAGES limit may subsequently receive the corresponding SAGES amount when a promoter reverses other transactions for the same beneficiary.</td>
</tr>
<tr>
<td>2</td>
<td>CESP initiated: A CESP promoter support officer can perform a manual intervention that will have an impact on the SAGES account balance in the RESP.</td>
</tr>
<tr>
<td>A</td>
<td>Contribution reversal: Promoters must update the SAGES account in an RESP when they reverse a contribution for which a SAGES amount has been paid.</td>
</tr>
<tr>
<td>B</td>
<td>New SAGES request: If a promoter submits multiple SAGES requests for the same contribution, the CESP system will pay the SAGES on the most recent SAGES request processed for a particular contribution. The promoter must adjust the SAGES account such that only the last SAGES payment is added to the SAGES account balance. Any other SAGES payments for the same contribution should be subtracted from the SAGES account balance.</td>
</tr>
</tbody>
</table>
5.7.5. SAGES time constraints

Before the SAGES suspension period

- **Refusal reason O (late SAGES request):** Prior to the SAGES suspension period, subscribers had three years to apply for the SAGES after making an eligible RESP contribution. The CESP system sent promoters a refusal reason “O” if a SAGES request transaction date was more than three years after the transaction date of the contribution and the request was submitted to the CESP system by 5 pm Eastern Time on January 5, 2018.

- **Refusal reason D (late transaction):** Prior to the suspension period, promoters had three years to successfully process a SAGES request transaction which meant they had to send a file to the CESP system for processing no more than three years after the transaction date of the SAGES request in the file. The CESP system sent promoters a refusal reason “D” for SAGES requests processed after this three-year limit.

During the SAGES suspension period

- **Refusal reason 9 (other):** SAGES requests submitted to the CESP system during the suspension period will receive a refusal reason “9” (other) if the request is not for a contribution that previously had a successfully processed SAGES request.

- **Error code 7001 (invalid value):** During the suspension period, SAGES requests for contributions that previously had a successfully processed SAGES request will be rejected with an error code 7001. This will prevent eligible SAGES amounts already received in an RESP from being reclaimed by ESDC.
5.7.6. Common problems for SAGES transactions

<table>
<thead>
<tr>
<th>Common problems for SAGES transactions</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary not established in the system</strong></td>
<td>See error codes 7001, 7031 and 5026 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• The beneficiary for whom a contribution transaction (400-11) was made has not yet been successfully set up in the CESP system when a SAGES request transaction (410-30) is submitted for the contribution. The contribution transaction is rejected with an error code 7001 or 7031 in a RT 800 and the SAGES request transaction is rejected with an error code 5026 in another RT 800.</td>
<td></td>
</tr>
</tbody>
</table>

| **Contract not set up correctly** | See error code 1010 in Appendix E – Understanding error codes |
| • The “Individual/Sibling Only” field of the 100-01 transaction should have been Yes (1) but was set up using No (0). | |
| • The SAGES is requested for the contribution using a 410-30 transaction but the request is rejected with an error code 1010 in a RT 800. | |

| **SAGES suspension** | See refusal reason 9 in Appendix F – Understanding refusal reasons |
| • A promoter submits a SAGES request (410-30) during the SAGES suspension period: | See error code 7001 in Appendix E – Understanding error codes |
| o The SAGES request is processed but the SAGES payment is refused with a refusal reason 9 in a RT 910. | During the suspension period, ESDC will process manual interventions to facilitate the correction of administrative errors. However, these will be limited to the amount of SAGES already paid into an RESP before the suspension. No new SAGES payments will be made during the period of suspension. |
| o The SAGES requests for contributions that previously had a successfully processed SAGES request will be rejected with an error code 7001 in a RT 800. | |
| • During the suspension period, when a SAGES request is submitted, regardless of the transaction date, the transaction will either be refused or rejected for the duration of the suspension period. | |
5.8. BCTESG (411-40 and 411-41)

There are two types of BCTESG transactions which are categorized by the transaction type (40 or 41) specified in the BCTESG transaction (RT 411):

- 411-40 = BCTESG request
- 411-41 = cancel BCTESG request

**BCTESG request**: The 411-40 transaction requests the BCTESG for a specific beneficiary. The one-time $1,200 BCTESG entitlement for a particular beneficiary can only be paid into a single RESP. If multiple BCTESG requests are made for the same beneficiary in different RESPs, the CESP system will pay the full $1,200 BCTESG amount for the first successfully processed request (first-come first-served approach). Subsequent requests for the same beneficiary would receive refusal reason E (lifetime limit exceeded).

**Cancel BCTESG request**: The 411-41 transaction cancels a BCTESG request already made for a specific beneficiary. Unlike repayments of the BCTESG (using a repayment transaction 400-21) cancelling a BCTESG request (411-41) will restore the beneficiary’s original entitlement to the $1,200 BCTESG amount. The 411-41 transaction must only be used to correct administrative errors (e.g. when a BCTESG request was submitted for the wrong beneficiary).

**BCTESG repayment**: When the BCTESG is repaid using the repayment transaction (400-21), the beneficiary entitlement is not restored and the repaid amount cannot be paid again into an RESP of the affected beneficiary.
5.8.1. Key fields for 411-40 (BCTESG request)

The following are key fields for BCTESG request transactions:

<table>
<thead>
<tr>
<th>Key fields for 411-40</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Transaction date      | 4-11     | Used to validate refusal reasons:  
|                       |          | • 3 = Age of beneficiary  
|                       |          | • D = Late transaction  
|                       |          | Used to validate error code 7041  
| Beneficiary SIN       | 69-77    | Used to validate eligibility for the BCTESG |

**Transaction date:** Promoters must use the date on the BCTESG application form for the transaction date in BCTESG request transactions (411-40). This is a key date to validate both refusal reasons and error codes.

5.8.2. Key fields for 411-41 (Cancel BCTESG request)

The following are key fields for cancel BCTESG request transactions:

<table>
<thead>
<tr>
<th>Key fields for 411-41</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original promoter transaction ID</td>
<td>69-83</td>
<td>Identifies the promoter transaction ID associated with the original BCTESG request.</td>
</tr>
<tr>
<td>Original promoter BN</td>
<td>84-98</td>
<td>The promoter BN associated with the original BCTESG request.</td>
</tr>
</tbody>
</table>

5.8.3. BCTESG time constraints

**Refusal reason 3 (age of beneficiary):** Subscribers have three years to apply for the BCTESG once the beneficiary reaches a certain age. The CESP system will send promoters a refusal reason 3 (age of beneficiary) for each request that falls outside the corresponding three-year application window specified in the table below. The transaction date for a BCTESG request is the date on which the subscriber signs the BCTESG application form.

<table>
<thead>
<tr>
<th>Birth date</th>
<th>First day to apply</th>
<th>Last day to apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>August 15, 2016</td>
<td>August 14, 2019</td>
</tr>
<tr>
<td>2007</td>
<td>August 15, 2015</td>
<td>August 14, 2018</td>
</tr>
<tr>
<td>2008</td>
<td>August 15, 2015</td>
<td>August 14, 2018</td>
</tr>
<tr>
<td>2009 up to August 14</td>
<td>The day the beneficiary turns 6</td>
<td>The day before the beneficiary turns 9</td>
</tr>
<tr>
<td>On August 15, 2009 or later</td>
<td>The day the beneficiary turns 9</td>
<td>The day before the beneficiary turns 9</td>
</tr>
</tbody>
</table>

**Error code 7042:** All BCTESG requests for beneficiaries born before January 1, 2006, will be rejected with error code 7042.

**Error code 7041:** All BCTESG requests with transaction dates prior to August 15, 2015, will be rejected with error code 7041.
Refusal reason D: As promoters have three years to successfully process a BCTESG request transaction, they must send a file to the CESP system for processing no more than three years after the transaction date of the BCTESG request in the file. The CESP system sends promoters a refusal reason D (late transaction) for BCTESG requests processed after this three-year limit.

5.8.4. Key RT 911 fields for RT 411

The CESP system will acknowledge each successfully processed BCTESG request transaction (411-40) and each cancel BCTESG request transaction (411-41) by sending promoters a corresponding RT 911 in their monthly transaction processing report.

Records will also be generated in response to other transactions if they have an impact on the BCTESG account balance in an RESP. For example, the CESP system sends one RT 900 and one RT 911 together for the same financial transaction (RT 400) when the BCTESG EAP amount or the BCTESG amount is greater than zero.

The following RT 911 fields are of interest for BCTESG transactions:

<table>
<thead>
<tr>
<th>Key RT 911 fields for RT 411</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG amount</td>
<td>4-14</td>
<td>Amount by which the BCTESG account balance changed due to the successful processing of a transaction</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated transaction</td>
</tr>
<tr>
<td>Refusal reason</td>
<td>45</td>
<td>Provides the refusal reason if the BCTESG was not paid</td>
</tr>
</tbody>
</table>
| Transaction origin          | 46       | 0 – Promoter initiated  
                              |          | 2 – CESP initiated  
                              |          | 5 – Linked SIN |
| Contract ID                 | 72-86    | Identifies the contract ID for which a manual intervention was performed by a CESP promoter support officer (CESP initiated) |
| CES Program transaction date| 87-94    | Identifies the date on which a manual intervention was performed by a CESP promoter support officer (CESP initiated) |
| SIN                         | 95-103   | Identifies the beneficiary SIN for whom a manual intervention was performed by a CESP promoter support officer (CESP initiated) |
### 5.8.5. Common problems for BCTESG transactions

<table>
<thead>
<tr>
<th>Common problems for BCTESG transactions (RT 411)</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary not established in the system</strong>&lt;br&gt;• The beneficiary for whom a BCTESG request (411-40) was made has not been successfully set up in the CESP system. The BCTESG request transaction is rejected with an error code 7001 or 7031 in a RT 800.</td>
<td>See error codes 7001 and 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td><strong>Contract not set up correctly</strong>&lt;br&gt;• The “individual/sibling only” field of the 100-01 transaction should have been Yes (1) but was set up using No (0).&lt;br&gt;• The BCTESG is requested using a 411-40 transaction, but the request is rejected with an error code 1010 in a RT 800.</td>
<td>See error code 1010 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td><strong>Late application form</strong>&lt;br&gt;• A promoter submits a BCTESG request (411-40) with a transaction date outside of the three-year application window.&lt;br&gt;• The BCTESG request is processed, but the BCTESG payment is refused with a refusal reason 3 in a RT 911.</td>
<td>See refusal reason 3 in Appendix F – Understanding refusal reasons&lt;br&gt;Promoters should inform subscribers that they must complete the BCTESG application form within the required application window (see 5.8.3 BCTESG time constraints).</td>
</tr>
</tbody>
</table>
5.9. EAPs (400-13)

Promoters use 400-13 transactions to report the total amount of each educational assistance payment (EAP). These transactions also report the EAP amounts of each incentive administered by ESDC and provide additional mandatory information for statistical purposes. Promoters are not required to report specific Quebec Education Savings Incentive (QESI) amounts in EAPs to the CESP system. However, if there are QESI amounts in an EAP, they must be included in the total EAP amount.

Promoters are responsible for updating RESP notional accounts to reflect the incentive amounts used in an EAP and they must follow regulations to calculate the amount of each incentive to include in EAPs. For more information, see Chapter 3-2, Post-secondary education and EAPs.

5.9.1. Key fields for 400-13

The following are key fields for EAP transactions (400-13):

<table>
<thead>
<tr>
<th>Field 400-13 fields</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary SIN</td>
<td>78-86</td>
<td>Must be established in the CESP system. See error codes 7001 and 7031 in Appendix E - Understanding error codes</td>
</tr>
<tr>
<td>Academic year start date</td>
<td>101-108</td>
<td>Used for statistical purposes</td>
</tr>
<tr>
<td>Academic year length</td>
<td>109-111</td>
<td></td>
</tr>
<tr>
<td>EAP grant amount</td>
<td>161-169</td>
<td>The CESG portion of the EAP. Basic and Additional CESG amounts are combined in one notional account of each RESP.</td>
</tr>
<tr>
<td>Total EAP amount</td>
<td>170-178</td>
<td>Must be greater than zero. See error code 3006 in Appendix E - Understanding error codes</td>
</tr>
<tr>
<td>PSE program length</td>
<td>215</td>
<td></td>
</tr>
<tr>
<td>PSE program type</td>
<td>216-217</td>
<td>Used for statistical purposes</td>
</tr>
<tr>
<td>Education institution postal code</td>
<td>218-227</td>
<td></td>
</tr>
<tr>
<td>PSE program year</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td>CLB EAP amount</td>
<td>294-302</td>
<td>The CLB portion of the EAP</td>
</tr>
<tr>
<td>SAGES EAP amount</td>
<td>332-340</td>
<td>The SAGES portion of the EAP</td>
</tr>
<tr>
<td>BCTESG EAP amount</td>
<td>350-358</td>
<td>The BCTESG portion of the EAP</td>
</tr>
</tbody>
</table>

5.9.2. Key RT 900 fields for 400-13

The CESP system will acknowledge each successfully processed EAP transaction by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 900 fields for 400-13</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated EAP transaction</td>
</tr>
<tr>
<td>Grant amount</td>
<td>26-36</td>
<td>The CESG portion of an EAP</td>
</tr>
<tr>
<td>CLB amount</td>
<td>127-135</td>
<td>The CLB portion of an EAP</td>
</tr>
</tbody>
</table>
5.9.3. Key RT 910 fields for EAPs with a SAGES amount

If an EAP transaction includes a non-zero SAGES amount, the CESP system will acknowledge a successfully processed EAP transaction by sending promoters a corresponding RT 910 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 910 fields for EAPs with SAGES amounts</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES amount</td>
<td>4-14</td>
<td>The SAGES portion of an EAP</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated EAP  transaction</td>
</tr>
</tbody>
</table>

5.9.4. Key RT 911 fields for EAPs with a BCTESG amount

If an EAP transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed EAP transaction by sending promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 911 fields for EAPs with BCTESG amounts</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG Amount</td>
<td>4-14</td>
<td>The BCTESG portion of an EAP</td>
</tr>
<tr>
<td>Promoter Transaction ID</td>
<td>30-44</td>
<td>Identifies the associated EAP  transaction</td>
</tr>
</tbody>
</table>

5.9.5. Common Problems for 400-13 transactions

<table>
<thead>
<tr>
<th>Common Problems for 400-13</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary not established in the system</td>
<td>• The beneficiary for whom an EAP is paid has not yet been set up in the CESP system. The EAP transaction is rejected with an error code 7001 or 7031 in a RT 800. See error codes 7001 or 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>Mandatory data is missing</td>
<td>• Data is missing from mandatory fields submitted in an EAP transaction. The EAP transaction is rejected with a 7005 error code in a RT 800. See error code 7005 in Appendix E – understanding error codes</td>
</tr>
</tbody>
</table>
5.10. PSE contribution withdrawals (400-14)

**Eligibility:** Subscribers are eligible for a post-secondary education (PSE) contribution withdrawal (400-14) only if a beneficiary is eligible for an EAP. While an EAP does not have to be paid in respect of a beneficiary for a subscriber to be eligible for a PSE contribution withdrawal, promoters must receive the same proof of enrolment required for an EAP.

**Order of withdrawals:** Contributions are considered to be withdrawn from notional accounts in the following order:

1. assisted contributions
2. unassisted contributions made in 1998 or later
3. unassisted contributions made before 1998

**No penalties:** Unlike contributions withdrawn under other situations, a PSE contribution withdrawal does not trigger the repayment of incentives and does not affect eligibility for Additional CESG.

**Tax implications and use of funds:** Subscribers can withdraw contributions at any time without tax implications. These amounts are not included on T4As issued to beneficiaries receiving EAPs. While there is no obligation to do so, a subscriber normally uses PSE contribution withdrawals to help pay for a beneficiary’s PSE.

5.10.1. Key fields for 400-14

The following are key fields for a PSE contribution withdrawal (400-14):

<table>
<thead>
<tr>
<th>Key fields for 400-14</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary SIN</td>
<td>78-86</td>
<td>Must be established in the CESP system. See error codes 7001 and 7031 in Appendix E – Understanding error codes.</td>
</tr>
<tr>
<td>Academic year start date</td>
<td>101-108</td>
<td>Used for statistical purposes</td>
</tr>
<tr>
<td>Academic year length</td>
<td>109-111</td>
<td></td>
</tr>
<tr>
<td>PSE amount</td>
<td>179-187</td>
<td>Contribution amount withdrawn when a beneficiary is eligible for an EAP</td>
</tr>
<tr>
<td>PSE program length</td>
<td>215</td>
<td>Used for statistical purposes</td>
</tr>
<tr>
<td>PSE program type</td>
<td>216-217</td>
<td></td>
</tr>
<tr>
<td>Education institution postal code</td>
<td>218-227</td>
<td>Used for statistical purposes</td>
</tr>
<tr>
<td>PSE program year</td>
<td>228</td>
<td></td>
</tr>
</tbody>
</table>
5.10.2. Key RT 900 fields for 400-14

The CESP system will acknowledge each successfully processed PSE contribution withdrawal transaction by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 900 field for 400-14</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated PSE contribution withdrawal transaction</td>
</tr>
</tbody>
</table>

5.10.3. Common problems for 400-14

<table>
<thead>
<tr>
<th>Common problems for 400-14 transactions</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary not established in the system</td>
<td>See error code 7001 or 7031 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• The beneficiary identified in the PSE contribution withdrawal transaction has not yet been successfully set up in the CESP system. The 400-14 is rejected with an error code 7001 or 7031 in a RT 800.</td>
<td></td>
</tr>
<tr>
<td>Mandatory data is missing</td>
<td>See error code 7005 in Appendix E – Understanding error codes</td>
</tr>
<tr>
<td>• Data is missing from mandatory fields in a PSE contribution withdrawal transaction. The 400-14 is rejected with an error code 7005 in a RT 800.</td>
<td></td>
</tr>
</tbody>
</table>
5.11. Contract transfers (400-19 and 400-23)

The transfer of funds between RESPs has an impact on notional account balances in each RESP. As promoters are the “book of record” for an RESP, they are responsible for:

- reporting accurate amounts of the transferred incentives; and
- updating all notional accounts appropriately after a transfer.

With the exception of CLB amounts, which are beneficiary specific, all other notional account amounts are transferred at the plan level.

Each RESP transfer must be reported to the CESP system in two transactions:

- Transfer out (400-23) from the relinquishing RESP
- Transfer in (400-19) to the receiving RESP

Promoters report only the transferred amounts of the incentives administered by ESDC to the CESP system.

5.11.1. Special transfer rules for the CLB

**One CLB account per beneficiary:** Unlike other incentives which have a single account balance for all beneficiaries at the plan level, promoters must maintain CLB notional accounts for each individual beneficiary in a family RESP. As the CLB may be transferred only between the CLB notional accounts of the same beneficiary, promoters must update the CLB notional account for each individual beneficiary after a transfer.

**Partial transfers:** Unlike proportional transfer rules for other incentives, the subscriber can choose to transfer all, some or none of the CLB in a partial transfer.
### 5.11.2. Key fields for transfer transactions

The following are key fields for transfer transactions (400-19 or 400-23):

<table>
<thead>
<tr>
<th>Key fields for transfer transactions</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Transaction type                    | 42-43    | 19 = transfer in  
23 = transfer out |
| Grant amount                        | 152-160  | The total amount of transferred CESG (includes both Basic and Additional CESG amounts). |
| Other specimen plan ID              | 188-197  | Transfers out (400-23) refer to the receiving specimen plan ID. Transfers in (400-19) refer to the relinquishing specimen plan ID.  
This must be a valid specimen plan ID in the CESP system. See error code 1005 in Appendix E – Understanding error codes. |
| Other contract ID                   | 198-212  | Transfers out (400-23) refer to the receiving contract ID. Transfers in (400-19) refer to the relinquishing contract ID. While this field is mandatory for transfers, it is not validated by the CESP system. |
| CLB amount                          | 285-293  | The total amount of transferred CLB. The CLB amount reported in a transfer transaction is the combined amount of the CLB transferred for all beneficiaries in the RESP. |
| SAGES amount                        | 323-331  | The total amount of the SAGES transferred. |
| BCTESG amount                       | 341-349  | The total amount of the BCTESG transferred. |

### 5.11.3. Key RT 900 fields for transfer transactions

The CESP system will acknowledge each successfully processed transfer transaction (400-19 or 400-23) by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 900 fields for transfer transactions</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated transfer transaction (400-19 or 400-23).</td>
</tr>
<tr>
<td>Grant amount</td>
<td>26-36</td>
<td>The total amount of transferred CESG (includes both the Basic and Additional CESG amounts).</td>
</tr>
<tr>
<td>CLB amount</td>
<td>127-135</td>
<td>The total amount of transferred CLB.</td>
</tr>
</tbody>
</table>
5.11.4. Key RT 910 fields for a transfer of SAGES

If a transfer transaction includes a non-zero SAGES amount, the CESP system will acknowledge a successfully processed transfer transaction by sending promoters a corresponding RT 910 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 910 fields for a transfer of SAGES</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES amount</td>
<td>4-14</td>
<td>The total amount of transferred SAGES.</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated transfer transaction (400-19 or 400-23)</td>
</tr>
</tbody>
</table>

5.11.5. Key RT 911 fields for a transfer of BCTESG

If a transfer transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed transfer transaction by sending promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 911 fields for a transfer of BCTESG</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG amount</td>
<td>4-14</td>
<td>The total amount of BCTESG transferred.</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated transfer transaction (400-19 or 400-23)</td>
</tr>
</tbody>
</table>

5.11.6. Common problems with transfers

<table>
<thead>
<tr>
<th>Common problems with transfers</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other specimen plan ID is inaccurate</td>
<td>See error code 1005 in Appendix E – Understanding error codes.</td>
</tr>
<tr>
<td>• One promoter does not record the accurate specimen plan ID for their RESP on the RESP transfer form. The other promoter enters inaccurate information for the “other specimen plan ID” in their system. When the other promoter submits their transfer transaction to the CESP system it is rejected with an error code 1005 in a RT 800.</td>
<td>The promoter that received an error code 1005 must contact the other promoter to obtain the accurate specimen plan ID for their RESP and resubmit a new transfer transaction to the CESP system with the accurate specimen plan ID.</td>
</tr>
</tbody>
</table>
5.12. Incentive repayments (400-21)

Federal and provincial regulations and policies specify situations that require incentives to be repaid from an RESP. If incentives administered by ESDC must be repaid, promoters must submit incentive repayment transactions (400-21) with the following information to the CESP system:

- amount of each incentive to repay
- reason for repayment

Promoters receive a direct deposit from ESDC to pay all incentive requests that generate payments each month. The CESP system reduces the direct deposit amount for each promoter by the total of all repayment amounts that the promoter submits in 400-21 transactions that month.

5.12.1. Impact of repayments on future payments

CESG and SAGES grant room: The CESG and the SAGES grant room is reduced for a beneficiary each time one of these incentives is paid into an RESP for the beneficiary. However, as the CESG and the SAGES repayments are at the plan level, the grant room of individual beneficiaries is not restored by the repaid amounts of CESG and SAGES.

BCTESG: Repaid BCTESG amounts are lost for the beneficiaries named in the RESP. Subscribers cannot request these BCTESG amounts again for the affected beneficiaries.

CLB entitlement: CLB repayments are at the beneficiary level and do not affect a beneficiary’s lifetime entitlement for the CLB. The CLB amounts repaid for a beneficiary could be received again for that beneficiary.

5.12.2. Key fields for 400-21

The following are key fields for incentive repayment transactions (400-21):

<table>
<thead>
<tr>
<th>Key fields for 400-21</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary SIN</td>
<td>78-86</td>
<td>Mandatory only if the CLB amount is greater than zero</td>
</tr>
<tr>
<td>Grant amount</td>
<td>152-162</td>
<td>Amount of CESG to repay</td>
</tr>
<tr>
<td>Repayment reason</td>
<td>213-214</td>
<td>Reason for repayment (see 5.12.3 Repayment reasons)</td>
</tr>
<tr>
<td>CLB amount</td>
<td>285-293</td>
<td>Amount of CLB to repay</td>
</tr>
<tr>
<td>SAGES amount</td>
<td>323-331</td>
<td>Amount of SAGES to repay</td>
</tr>
<tr>
<td>BCTESG amount</td>
<td>341-349</td>
<td>Amount of BCTESG to repay</td>
</tr>
</tbody>
</table>

As the CLB is beneficiary specific, promoters must submit a separate repayment transaction for each beneficiary with CLB amounts in a family RESP. All other incentive repayments are at the plan level and may be combined in a single repayment transaction (400-21) without providing a particular beneficiary SIN.
5.12.3. Repayment reasons

<table>
<thead>
<tr>
<th>Code - Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 - Contribution withdrawal</td>
<td>Promoters must calculate the amount of CESG and SAGES to repay if contributions are withdrawn when no beneficiary in the RESP is eligible for an EAP.</td>
</tr>
<tr>
<td>02 - AIP</td>
<td>Repay all incentives when a subscriber receives an accumulated income payment (AIP) from the RESP.</td>
</tr>
<tr>
<td>03 - Contract termination</td>
<td>Repay all incentives (if applicable) and inform the CESP system that an RESP has been terminated. The transaction is mandatory when RESPs are terminated.</td>
</tr>
<tr>
<td>04 - Ineligible transfer</td>
<td>Repay all incentives when an ineligible transfer occurs.</td>
</tr>
<tr>
<td>05 - Ineligible beneficiary replacement</td>
<td>Repay all incentives when an ineligible replacement of a beneficiary occurs.</td>
</tr>
<tr>
<td>06 - Payment to educational Institution</td>
<td>Repay all incentives if the subscriber pays accumulated earnings to a Canadian designated educational institution instead of taking an accumulated income payment.</td>
</tr>
<tr>
<td>07 - Revocation</td>
<td>Repay all incentives when the CRA revokes the registration of an RESP.</td>
</tr>
<tr>
<td>08 - Ceases to meet sibling only condition</td>
<td>Repay incentives, which can only be paid into a sibling only RESP, when a subscriber adds a cousin to a sibling only family RESP.</td>
</tr>
<tr>
<td>09 - Deceased</td>
<td>Repay incentives when a beneficiary dies. With the exception of CLB, incentives paid for a deceased beneficiary might be used instead by other beneficiaries in the same RESP, or transferred to another RESP.</td>
</tr>
<tr>
<td>10 - Overcontribution withdrawal</td>
<td>Repay the CESG and the SAGES amounts if contributions were withdrawn to correct an overcontribution. If the amount of overcontribution is $4,000 or less at the time of the withdrawal, the CESG and SAGES amounts to repay are zero. However, a repayment transaction (400-21) must still be submitted to the CESP.</td>
</tr>
<tr>
<td>11 - Other</td>
<td>Promoter support officers may instruct promoters to use this reason in various situations.</td>
</tr>
<tr>
<td>12 - Non-resident</td>
<td>Repay incentive amounts if it is determined that the beneficiary did not satisfy required residency criteria to be eligible for incentive payments.</td>
</tr>
</tbody>
</table>

5.12.4. Mandatory transaction when an RESP is terminated

Promoters must inform the CESP system when an RESP has been terminated for any reason by submitting an incentive repayment transaction (400-21) using the “contract termination” repayment reason (03).

Even if there are no incentives in an RESP when the plan is terminated, the termination must still be reported to the CESP system with the incentive amounts set to zero in the 400-21 transaction.
5.12.5. Key RT 900 fields for 400-21

The CESP system will acknowledge each successfully processed repayment transaction (400-21) by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these RT 900:

<table>
<thead>
<tr>
<th>Key RT 900 fields for 400-21</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated repayment transaction (400-21)</td>
</tr>
<tr>
<td>Grant amount</td>
<td>26-36</td>
<td>The total amount of repaid CESG (could include Additional CESG amounts).</td>
</tr>
<tr>
<td>CLB amount</td>
<td>127-135</td>
<td>The total amount of repaid CLB.</td>
</tr>
</tbody>
</table>

5.12.6. Key RT 910 fields for a SAGES repayment

If a repayment transaction includes a non-zero SAGES amount, the CESP system will acknowledge a successfully processed repayment transaction by sending promoters a corresponding RT 910 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 910 fields for a SAGES repayment</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES amount</td>
<td>4-14</td>
<td>The total amount of repaid SAGES.</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated repayment transaction (400-21)</td>
</tr>
</tbody>
</table>

5.12.7. Key RT 911 fields for a BCTESG repayment

If a repayment transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed repayment transaction by sending promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 911 fields for a BCTESG repayment</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG amount</td>
<td>4-14</td>
<td>The total amount of BCTESG repaid.</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated repayment transaction (400-21)</td>
</tr>
</tbody>
</table>
### 5.12.8. Common problems for 400-21

<table>
<thead>
<tr>
<th>Common problems for 400-21</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters do not notify the CESP system about terminations</td>
<td>The promoter of the relinquishing RESP must submit a repayment transaction (400-21) with a repayment reason of 03 (Contract Termination) after updating all notional account balances to zero. All repayment amounts will be zero in this transaction.</td>
</tr>
<tr>
<td>• A subscriber transferred all of the funds in an RESP to another RESP administered by another promoter and terminates the plan. The relinquishing promoter submitted only a transfer out (400-23) transaction to the CESP system. That promoter does not also submit a mandatory repayment transaction (400-21) with a repayment reason 03 (Contract Termination). This RESP may be identified as a compliance issue in a CESP compliance review.</td>
<td></td>
</tr>
<tr>
<td>Using reversals instead of repayments</td>
<td>The promoter should advise the subscriber that nothing can be done about the unassisted contributions that year. The promoter should also explain how the annual CESG limit per beneficiary applies across all RESP's and help the subscriber(s) plan contributions in subsequent years.</td>
</tr>
<tr>
<td>• A subscriber realizes that some contributions for a beneficiary did not receive the CESG due to the annual limit (refusal reason 1) and wants to withdraw the unassisted contributions. The subscriber would like to withdraw the contributions that did not receive grant and would like the promoter to reverse all unassisted contributions to avoid having to repay the CESG. As this is not an administrative error, the promoter cannot reverse the unassisted contributions.</td>
<td></td>
</tr>
<tr>
<td>Using repayments instead of reversals</td>
<td>The promoter should have reversed the 400-11 transaction instead of using a repayment transaction. To correct the problem, the promoter should now reverse the original contribution transaction and also reverse the repayment transaction.</td>
</tr>
<tr>
<td>• A promoter realizes that due to an administrative error made by the promoter, a contribution transaction (400-11) that received the CESG was submitted for the wrong beneficiary in a family RESP. The promoter submits a repayment transaction (400-21) to repay the CESG amount received for the wrong beneficiary and then submits a new contribution transaction for the correct beneficiary. The original beneficiary's RESP contribution limits, the CESG lifetime limits and the CESG grant room are not restored after a repayment transaction.</td>
<td></td>
</tr>
</tbody>
</table>
5.13. Termination adjustments (400-22)

A termination adjustment transaction (400-22) should be used only to report the amount of incentives to the CESP system that cannot be repaid due to investment losses when an RESP is terminated.

For example: An RESP had an initial fair market value of $3,000 due to $2,500 in contributions and $500 in CESG. The subscriber decides to terminate the RESP after a significant loss when the fair market value was only $400. The promoter must repay (400-21) a CESG amount which is the lessor of the RESP fair market value and the CESG account balance ($400 in this example).

To balance the CESG liability of $500, the promoter must also report a $100 CESG loss to the CESP system by submitting a termination adjustment transaction (400-22).

\[
\begin{aligned}
\$2500 & \text{ Contribution} \\
\$500 & \text{ CESG} \\
\$3000 & \text{ Fair market value (when plan was opened)} \\
\$400 & \text{ New fair market value (when plan is terminated with a loss)} \\
\$400 & \text{ Repay the CESG (400-21, “03” termination)} \\
\$100 & \text{ Termination adjustment for the CESG (400-22)} \\
\$500 & \text{ Balance the CESG liability}
\end{aligned}
\]

5.13.1. Key fields for 400-22

The following are key fields in a termination adjustment transaction (400-22):

<table>
<thead>
<tr>
<th>Field</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant amount</td>
<td>152-162</td>
<td>Amount of CESG adjustment</td>
</tr>
<tr>
<td>CLB amount</td>
<td>285-293</td>
<td>Amount of CLB adjustment</td>
</tr>
<tr>
<td>SAGES amount</td>
<td>323-331</td>
<td>Amount of SAGES adjustment</td>
</tr>
<tr>
<td>BCTESG amount</td>
<td>341-349</td>
<td>Amount of BCTESG adjustment</td>
</tr>
</tbody>
</table>
5.13.2. Key RT 900 fields for 400-22

The CESP system will acknowledge each successfully processed termination adjustment transaction (400-22) by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these RT 900:

<table>
<thead>
<tr>
<th>Key RT 900 fields for 400-22</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter transaction ID</td>
<td>52-66</td>
<td>Identifies the associated termination adjustment transaction (400-22)</td>
</tr>
<tr>
<td>Grant amount</td>
<td>26-36</td>
<td>CESG amount lost</td>
</tr>
<tr>
<td>CLB amount</td>
<td>127-135</td>
<td>CLB amount lost</td>
</tr>
</tbody>
</table>

5.13.3. Key RT 910 fields for a SAGES termination adjustment

If a termination adjustment transaction includes a non-zero SAGES amount, the CESP system will acknowledge a successfully processed transaction by sending the promoter a corresponding RT 910 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 910 fields for a SAGES termination adjustment</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES amount</td>
<td>4-14</td>
<td>SAGES amount lost</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated termination adjustment transaction (400-22)</td>
</tr>
</tbody>
</table>

5.13.4. Key RT 911 fields for a BCTESG termination adjustment

If a termination adjustment transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed transaction by sending the promoter a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records:

<table>
<thead>
<tr>
<th>Key RT 911 fields for a BCTESG termination adjustment</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG amount</td>
<td>4-14</td>
<td>BCTESG amount lost</td>
</tr>
<tr>
<td>Promoter transaction ID</td>
<td>30-44</td>
<td>Identifies the associated termination adjustment transaction (400-22)</td>
</tr>
</tbody>
</table>
5.13.5. Withdrawing contributions after a loss

**Order of losses:** Promoters must apply losses to earnings first and then to contributions. Once all contributions in the RESP have been depleted, any remaining loss is considered to be applied proportionally to the incentives remaining in the RESP.

**Fair market value test:** When subscribers request contribution withdrawals for any reason, promoters must verify if the RESP fair market value is large enough for the withdrawal amount. This applies even when the RESP is not being terminated and also includes PSE contribution withdrawals.

**Contribution withdrawal limit:** Promoters must subtract all incentive notional account balances from the fair market value to find the maximum contribution withdrawal amount.

<table>
<thead>
<tr>
<th>Fair market value</th>
<th>Contribution withdrawal limit</th>
<th>Combined incentive notional accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For example, a subscriber asked for all contributions to be returned when his RESP was terminated. The following table shows the notional accounts and the fair market value for the RESP at that time.

<table>
<thead>
<tr>
<th>RESP fair market value</th>
<th>Contributions</th>
<th>CESG</th>
<th>CLB</th>
<th>SAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,600</td>
<td>$2,500</td>
<td>$1000</td>
<td>600</td>
<td>$500</td>
</tr>
</tbody>
</table>

In this example, the combined incentive notional accounts would be $2,100 which means the contribution limit would be $500 (subtract $2,100 from $2,600). Therefore, the promoter could only return $500 of contributions to the subscriber after repaying all incentives remaining in the RESP.
A Registered Education Savings Plan (RESP) is an education savings plan (ESP) that has been registered with the Canada Revenue Agency (CRA). It is a savings vehicle intended to encourage saving for post-secondary education. More precisely, it is an arrangement between the RESP promoter and subscriber(s).

The subscriber can be:
- an individual;
- an individual and their spouse or common-law partner; or
- a public primary caregiver.

The subscriber may make contributions to an RESP. In return, the RESP promoter agrees to use the accumulated funds to make educational assistance payments (EAPs) to an eligible beneficiary designated by the subscriber. RESP earnings are not taxable until they are withdrawn to offset the costs of the beneficiary’s post-secondary education.

An RESP must be opened to receive payments of education savings incentives in respect of eligible beneficiaries.

See Appendix C for a list of acronyms and terms used in this guide.
1. RESPs – an overview

RESP promoters offer education savings plans (ESPs) designed to help their clients save for a child’s post-secondary education (PSE).

An ESP contract can be registered if it meets certain terms and conditions stipulated in Section 146.1 of the *Income Tax Act* (ITA). The ESP then becomes an RESP. Earnings in the RESP are not taxable until they are withdrawn.

Once an ESP has been registered, it is subject to rules that govern contributions, withdrawals, earnings, and the transfer of monies. Compliance with these rules ensures the registered status of the RESP.

The RESP contract will include terms and conditions that the subscriber must agree to, which vary depending on the type of plan. For example:

- the need for making contributions to the RESP over the term of the contract; or
- whether contributions will be intermittent or on a regular basis (at the discretion of the subscriber).

The RESP promoter invests the funds contributed by the subscriber. When the beneficiary attends a post-secondary educational institution, the earnings and education savings incentives paid to the plan can be used to make EAPs that will help to offset related education expenses. Terms and conditions prescribe when and how these earnings are paid. See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs).

When a beneficiary is eligible for an EAP, the subscriber can choose to withdraw some or all of the contributions that they have invested. While there is no requirement to do so, these PSE contribution withdrawals could be used to help pay for the beneficiary’s PSE expenses.

1.1. RESPs may qualify for education savings incentives

To encourage Canadians to plan and save for their children’s post-secondary education, the Government of Canada offers two federal education savings incentives.

- **Canada Education Savings Grant (CESG)** which may include:
  - Basic CESG; and
  - Additional CESG.

- **Canada Learning Bond (CLB)**

An RESP may also include provincial education savings incentives from one of the three following designated provincial programs:

- **Saskatchewan Advantage Grant for Education Savings (SAGES).**
  ESDC administers this education savings incentive through an agreement with the province of Saskatchewan.
Chapter 1–4: Registered Education Savings Plans (RESPs)

- British Columbia Training and Education Savings Grant (BCTESG). ESDC administers this education savings incentive through an agreement with the province of British Columbia.

- Quebec Education Savings Incentive (QESI) is a provincial education savings incentive established under Quebec legislation. ESDC does not administer this provincial incentive.

Education savings incentives may be deposited into an RESP if the required eligibility criteria are satisfied. They can enhance RESP earnings and be used as an EAP by an eligible beneficiary.

When an ESP is opened and registered and the subscriber makes contributions to that RESP in respect of a beneficiary, the contributions may qualify for the CESG. The beneficiary may also qualify for the CLB and/or provincial incentives. However, the CLB, and the BCTESG do not require contributions to an RESP. (More information about each of these incentives is provided in Section 2: Education savings incentives.)

2. Establishing the RESP

There are four parties involved in the process of opening and registering an ESP. They are:

- the subscriber
- the RESP promoter
- ESDC
- the CRA

2.1. Opening the ESP

A subscriber enters into an ESP contract with an RESP promoter of their choice. The RESP promoter then arranges to have the plan registered with the CRA.

Typically, the subscriber is the child’s parent or parents, but it can also be a beneficiary, a grandparent, another family member, or someone not related to the beneficiary. The ESP can be opened by one person or it can be opened jointly by spouses or common-law partners as well as child care agencies.

There are three different types of ESPs:

- family plans
- individual (non-family) plans
- group plans

The subscriber(s) must choose the RESP promoter that they would like to deal with and decide what type of plan that they will open. See 4. Types of RESP, later in this chapter.
2.2. Registering the ESP

An ESP contract must meet certain conditions in order for it to be registered with the CRA.

An RESP promoter must submit certain information to ESDC when applying for the registration of an ESP on behalf of the subscriber, as follows:

- An RESP promoter’s application form must be filled out with accurate and valid information, according to procedures established by the CRA, and then submitted to the RESP promoter’s head office for processing.
- The application form must also include a notice to the subscriber(s) that an overcontribution to the plan may result in a penalty tax.

Any new contract submitted to the Canada Education Savings Program (CESP) system will be treated as a request to register the plan with the CRA.

The CRA will register only those contracts that meet all registration requirements.

2.3. Social Insurance Numbers (SINs)

The SIN is a nine-digit number used in the administration of various Canadian government programs. The Social Insurance Registry (SIR), ESDC, administers the SIN Program.

When an ESP is opened, a SIN is required for:

- the ESP subscriber(s); and
- the ESP beneficiary(s).

When requesting the Additional CESG and/or the CLB, a SIN is required for:

- the beneficiary’s individual primary caregiver (PCG); or
- the individual PCG’s cohabiting spouse or common-law partner.

The SINs are used to:

- request the CESG and the CLB;
- ensure that accurate RESP records are maintained for each beneficiary;
- track contributions to RESP(s) for each beneficiary;
- verify each beneficiary’s eligibility for education savings incentives administered by ESDC;
- track incentive payments administered by ESDC to RESP(s) in respect of each beneficiary;
- track repayment of incentives administered by ESDC (for example, when withdrawals are made from an RESP);
- track EAPs made in respect of each beneficiary; and
- ensure that tax slips are issued to the right person and correctly

If a family member or friend wants to open an RESP and name a child as the RESP beneficiary, they will need to obtain the SIN of the child from the child’s custodial parent or legal guardian.
The child’s custodial parent(s) or legal guardians can apply for a SIN for their child and there are no fees associated with a SIN application. Visit the Service Canada Web site for the SIN application form and related information.

The SIN can be obtained by applying in person at a Service Canada office or by mail. After successfully processing a request, Service Canada provides the new SIN information in a confirmation letter. Service Canada no longer issues SIN cards.

2.3.1. Verifying the beneficiary’s SIN

The SIN is a key piece of information that the CESP system uses to verify a beneficiary's eligibility for the applicable education savings incentive(s). When an RESP is entered into, the RESP promoter submits the beneficiary's SIN information electronically to the CESP system which, in partnership with the SIR, validates the beneficiary's information.

If the beneficiary information submitted by the RESP promoter does not match the information contained in the SIR, the submission will result in an error and will lead to the information being rejected by the CESP system. A report will then be sent to the RESP promoter, identifying the field(s) in error. The RESP promoter will have to verify the information provided by the subscriber and resubmit the data to the CESP system.

Until the beneficiary information is successfully processed by the CESP system, any financial information including requests for payments of the CESG, the CLB, the SAGES and the BCTESG, will cause errors. The beneficiary information must be successfully processed and established before any financial transactions related to that beneficiary can be processed. For more information see Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).
3. Contributions and their limits

Contributions are deposits made to an RESP by a subscriber in respect of a beneficiary and remain the property of the subscriber. While the subscriber cannot deduct contributions made to an RESP from their taxable income, earnings on contributions are tax sheltered.

**Tax on earnings**

Earnings on contributions made to an RESP are not taxable until the earnings are used as part of an EAP in respect of the beneficiary or until they are paid to the subscriber in an accumulated income payment (AIP) if the beneficiary does not qualify for an EAP.

When beneficiaries use an EAP to help finance their post-secondary education, they will be responsible for paying any taxes on the EAP. Since students generally have limited income, the tax paid will usually be minimal.

If the beneficiary does not attend post-secondary education and the earnings are paid to the subscriber, the subscriber will be responsible for paying any required taxes.

For more information see Chapter 3-3: Options for assets remaining in the RESP.

While there is no limit to the number of RESPs that can be opened in respect of a beneficiary, the amount that can be contributed across all existing RESPs for one beneficiary are limited to the following:

<table>
<thead>
<tr>
<th>Period</th>
<th>Annual contribution limit per beneficiary</th>
<th>Lifetime contribution limit per beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$4,000</td>
<td>$42,000</td>
</tr>
<tr>
<td>Since 2007</td>
<td>No limit</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

A beneficiary’s contribution limit is based on the total of all contributions, by all subscribers into all RESPs. The annual and lifetime limits cannot be circumvented by entering into multiple plans.

Overcontributions to an RESP are subject to a penalty tax. For more information, see the section 5. Overcontributions.
3.1. What are not considered to be contributions

**Earnings** on the contributions are **not** considered to be contributions when calculating the annual and lifetime contribution limits.

The **$25.00 fee** paid to an RESP promoter, for a first-time request for the payment of the CLB for a beneficiary, is not considered to be a contribution. This payment is to assist in paying for administrative costs associated with the establishment of these plans.

**Federal education savings incentives** are not considered to be RESP contributions when calculating contribution limits.

**Provincial education savings incentives** are not considered to be RESP contributions when calculating contribution limits. These payments are treated in the same way as federal incentives and do not attract federal incentives themselves.

**Assisted and unassisted contributions**

Contributions to an RESP are considered to be either “assisted” or “unassisted”:
- An assisted contribution is a contribution made to an RESP that has attracted the CESG.
- An unassisted contribution is a contribution made to an RESP that has not attracted the CESG.

3.1.1. Insurance provisions

Some subscribers may decide to enter into an insurance contract as part of their RESP to ensure that contributions to the RESP will continue in the event of certain circumstances (such as the death of the subscriber). This insurance contract will include the payment of insurance premiums. These premiums are **not** considered to be contributions to the RESP.

**Insurance proceeds**: Payments made to an RESP in accordance with the terms of an insurance contract are referred to as “insurance proceeds” and **are** considered to be contributions.

Depending on how the plan is structured, administration and trustee fees may or may not be considered to be contributions. If administration or trustee fees are charged **outside** the plan, they are **not** considered contributions. If they are charged **within** the plan, they can be considered part of the contributions and are therefore subject to contribution limits.

**Note**: Fees are not to be charged to the education savings incentive portions of an RESP.

Contact the CRA - Registered Plans Directorate for more information at 1-800-267-3100.
4. Types of RESPs

There are three types of RESPs: individual (non-family) plans, family plans, and group plans. The following is a description of each of these plan types.

4.1. Individual (non-family) plans

The features of an individual (non-family) plan are as follows:

- There is a single subscriber (includes child care agencies) or joint subscribers that have a spousal or common-law relationship.
- There is only one beneficiary at any given time.
- The beneficiary does not need to be related to the subscriber.
- There is no restriction on the age of the beneficiary – it can be a child or an adult.
- There is no restriction on who can be named as the beneficiary. A subscriber could be the beneficiary of their own plan.

The subscriber is responsible for presenting the beneficiary’s information to the RESP promoter.

4.1.1. Naming a replacement beneficiary in an individual plan

A subscriber can replace an existing beneficiary with a new beneficiary if their contract allows for it. When this happens, the original beneficiary’s contribution history could be attributed to the replacement. This could affect the annual and lifetime contribution limits for the new beneficiary, which could result in a penalty tax for all subscribers of that beneficiary.

There will not be any tax consequences to the replacement beneficiary if one of the following conditions is met:

- The replacement beneficiary is under 21 and is a sibling of the original beneficiary.

OR

- Both the original and replacement beneficiaries are under 21 and are related by blood or adoption to the original subscriber of the RESP.

The subscriber will need to present the RESP promoter with all of the necessary information relating to the replacement beneficiary. The RESP promoter must then submit that information to the CESP system.

For more information, see section 3. Contributions and contribution limits and section 5. Overcontributions.
4.1.2. Making contributions to an individual plan

A subscriber can make contributions to an individual (non-family) plan as long as contribution limits for the beneficiary have not been exceeded. However, contribution limits can be affected by any transfer of monies from one RESP to another. For more information on transfers, see 7. Transfers between RESPs, and Chapter 3-1: RESP transfers and the education savings incentives.

Contributions to an individual (non-family) plan must stop at either:

- 31 years after the end of the year the RESP was opened (35 years in the case of a specified plan).

OR

- 31 years after the end of the year of the “earliest effective date that applies” if a transfer has taken place.

Earliest effective date when a transfer has taken place

When a transfer is made between RESPs, the earliest effective date of the two plans must be used to determine the date when plan contributions must stop in the receiving plan. See Chapter 3-1: RESP transfers and the education savings incentives.

4.2. Family plans

The features of a family plan are as follows:

- There is a single subscriber or joint subscribers that have a spousal or common-law relationship.
- There can be one or more beneficiaries at any given time.
- The beneficiaries must be related to the original subscriber of the RESP, either by blood or by adoption.
- An individual can become a beneficiary of a family RESP only if that individual has not yet turned 21 or if the individual was, just before joining the family RESP, a beneficiary under another family RESP.
- Contributions must be made in the name of a specific beneficiary.
- Annual and lifetime RESP contribution limits apply to each beneficiary. Contributions made to any RESP in respect of a beneficiary count toward that beneficiary’s annual and lifetime contribution limits.

Family member – relationship

Each beneficiary of a family plan must be related by blood or adoption to each living subscriber under the plan or be related to a deceased original subscriber. Under the ITA, a “blood relationship” is that of a parent and child (or grandchild or great grandchild) or that of a brother or sister. The subscriber’s niece, nephew, aunt, uncle and cousin do not meet the definition of “blood relative”. They, therefore, do not qualify as a beneficiary under a family plan. An individual is not considered to be a “blood relative” of himself / herself.

An adopted child is related by adoption to his parents and grandparents. Stepchildren are related to their stepparents by virtue of being the children of their parent’s spouse or common-law partner. This is referred to as “adoption in fact”.

Earliest effective date when a transfer has taken place

When a transfer is made between RESPs, the earliest effective date of the two plans must be used to determine the date when plan contributions must stop in the receiving plan. See Chapter 3-1: RESP transfers and the education savings incentives.
Only plans where all beneficiaries are siblings can receive payments of the following incentives:

- Additional CESG
- CLB
- SAGES
- BCTESG

See the applicable incentive chapters in Section 2: Education savings incentives.

4.2.1. Adding a beneficiary to a family plan

If the terms of a subscriber’s contract allow for it, the subscriber can add beneficiaries to their plan at any time. However, the additional beneficiaries must still be related to the original subscriber of the RESP, either by blood or by adoption.

Furthermore, if the Additional CESG, the CLB or the BCTESG have been paid into the RESP, any additional beneficiaries must be siblings of the existing beneficiaries. If not, all amounts of the Basic CESG, the Additional CESG, the CLB and the BCTESG will need to be repaid. While the SAGES can only be paid into a sibling-only plan, a cousin can be added to the plan without having to repay the SAGES already in the RESP.

The eligibility criteria for adding a new beneficiary are as follows:

- Additional beneficiaries must be related to the original subscriber of the RESP, either by blood or adoption.
- Additional beneficiaries must be under 21 at the time they are added or must have been beneficiaries under another family RESP immediately before being added.
- The additional beneficiary’s SIN must be given to the RESP promoter.

4.2.2. Naming a replacement beneficiary in a family plan

A subscriber can replace an existing beneficiary with a new beneficiary if their contract allows for it. When this happens, the original beneficiary’s contribution history could be attributed to the replacement. This could affect the annual and lifetime contribution limits for the new beneficiary, which could result in a penalty tax for all subscribers of that beneficiary.

There will not be any tax consequences to the replacement beneficiary if one of the following conditions is met:

- the replacement beneficiary is under 21 years of age and is a sibling of the original beneficiary;

**OR**

- the original and replacement beneficiaries are under 21 years of age and are related by blood or adoption to an original subscriber of the RESP.

**Note:** The replacement beneficiary must comply with the sibling-only requirement associated with the Additional CESG, the CLB and the BCTESG. Otherwise, these education savings incentives must be repaid. While the SAGES can only be paid into a
sibling-only plan, a cousin can be added to the plan without having to repay the SAGES already in the RESP. For more information, see Section 2 – Education savings incentives.

The subscriber will need to present the RESP promoter with any necessary information relating to the replacement beneficiary. The RESP promoter must then submit that information to the CESP system.

See section 5. Overcontributions.

4.2.3. Making contributions to a family plan

A subscriber can make contributions to a family plan in respect of a beneficiary as long as that beneficiary is under 31 and the beneficiary’s contribution limit has not been exceeded. In addition, the beneficiary’s contribution limit can be affected by any transfer of monies from one RESP to another. For more information on transfers, see 7. Transfers between RESPs, and Chapter 3-1: RESP transfers and the education savings incentives.

Contributions for an individual beneficiary must stop at the earliest of three applicable dates:

- the date that the beneficiary turns 31;

  OR

- 31 years after the end of the year the RESP was opened;

  OR

- 31 years after the end of the year of the “earliest effective date that applies,” if a transfer has taken place, (refer to the section 4.1.2. Making contributions - earliest effective date when a transfer has taken place).

Contributions to a family plan with two or more beneficiaries must be made in respect of a specific beneficiary in the plan.

4.3. Group plans

The features of a group plan are as follows:

- Each group plan is a collection of individual (non-family) RESPs.
- Group plans are usually referred to and marketed as “Education Funds” or “Scholarship Funds”.
- Each group plan is a group trust.
- Group plans are administered based on an age cohort concept. This means that RESP contracts for beneficiaries of the same age are administered together.
- RESP contributions and education savings incentives are tracked per individual beneficiary but are pooled for investment purposes. Pooling is based on all beneficiaries having the same year of eligibility (i.e. they are in the same age cohort and are expected to attend post-secondary education in the same years – usually set to be three or four years).
• Payments for post-secondary education assistance are determined by the number of beneficiaries who are eligible to receive such payments in the year of eligibility.
• Earnings associated with the CESG, the CLB, the SAGES and the BCTESG can only be shared among the beneficiaries of a particular RESP. As group plans are a collection of individual (non-family) plans, these earnings cannot be shared among a group cohort.

4.3.1. Making contributions in a group plan

The subscriber must enter into a contractual arrangement with the RESP promoter, specifying a particular savings program. The contract will include the frequency of contributions to be made, the amount of the contributions, and investment options.

The subscriber will then make deposits with the RESP promoter for the duration of the contract. The RESP promoter will credit the contributions to a deposit account in the subscriber’s name within the group trust and then credits any education savings incentives received by the beneficiary to a separate deposit account in the child’s name (that is also within the group trust). Income earned on contributions can be shared within the group Plan; income earned on education savings incentives cannot be shared.

5. Overcontributions

There are limits on the total amount of RESP contributions that can be made in respect of a beneficiary, across all existing RESPs. These contribution limits are:

<table>
<thead>
<tr>
<th>Period</th>
<th>Annual contribution limit per beneficiary</th>
<th>Lifetime contribution limit per beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$4,000</td>
<td>$42,000</td>
</tr>
<tr>
<td>Since 2007</td>
<td>No limit</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

An overcontribution occurs when the total of contributions made in respect of a single beneficiary exceeds that beneficiary’s limit. See 3.1 What are not considered to be contributions?

RESP promoters are required to ensure that contributions do not exceed these annual and lifetime limits. See 3. Contributions and contribution limits.

However, an overcontribution can occur when several subscribers contribute to different RESPs for the same beneficiary without coordinating their contributions. For more information about overcontributions and taxation, contact the CRA at 1-800-267-3100.

The withdrawal of overcontributions will reduce the amount of over-contributions subject to tax, but such a withdrawal will not reduce the total contributions considered to have been made in respect of the beneficiary. This withdrawn amount of overcontributions will still be counted toward the total of contributions made in their respect for the purpose of determining their
lifetime limit. Lifetime contribution room is not restored when contributions or overcontributions are withdrawn.

Withdrawing contributions may impact the CESG and the SAGES paid into the RESP. For more information, refer to the applicable chapter in Section 2 – Education savings incentives.

5.1. Overcontribution due to a transfer

An overcontribution situation can also occur when monies are transferred from one RESP to another. When a transfer is made, the contribution history of the beneficiaries in the transferring plan could be attributed to the beneficiaries in the receiving plan, resulting in overcontributions. The contribution history will not be applied to receiving plan beneficiaries if one of the following conditions is met.

The transferring and receiving plans have a common beneficiary.

OR

A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.

AND

The receiving plan is a family plan.

OR

A beneficiary of the receiving plan is a sibling of a beneficiary in the transferring plan.

AND

The receiving plan is an individual plan.

AND

The beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into.

Overcontributions exist in respect of a beneficiary. In the event that an overcontribution arises from a transfer, each subscriber who contributed to any plan in respect of the beneficiary in question will be responsible for penalty taxes on the overcontributions.

For more information about overcontributions and taxation, contact the CRA - Registered Plans Directorate at 1-800-267-3100.
Determining if the contribution history of the transferring plan applies to the receiving plan

5.2. Overcontributions due to a beneficiary replacement

When a subscriber chooses to replace the beneficiary of an RESP with another individual, the contribution history of the former beneficiary could be attributed to the replacement beneficiary which may result in overcontributions and associated tax penalties. Replacement of a beneficiary will not result in overcontributions if one of the following conditions is met:

- the replacement beneficiary is a sibling of the former beneficiary and is not yet 21 at the time of the replacement;

  OR

- neither of the beneficiaries have yet turned 21 and both are related to the original subscriber of the RESP, either by blood or by adoption.

If the replacement beneficiary doesn't meet any of the above conditions, this beneficiary could be in an overcontribution situation with associated tax penalties.
5.3. Penalty taxes on overcontributions

When an overcontribution occurs, every subscriber is required to pay a 1% per month tax on their share of the overcontribution until it is withdrawn.

For more information about overcontributions, contact the CRA at 1-800-267-3100.

6. Transfers between RESPs

The ITA allows for the transfer of monies from one RESP to another unless the contract terms of a specific plan do not permit it. If subscribers decide to make a transfer, they can choose to transfer all of the monies in the RESP or only part of them.

Transfers may result in the repayment of the CLB, the SAGES, the BCTESG and the entire CESG amounts (which would include the Basic CESG and the Additional CESG) if certain conditions are not satisfied. Conditions for eligible transfers of each education savings incentive are described in Chapter 3-1 RESP transfers and the education savings incentives.

When a transfer is made between different RESP promoters, the RESP promoter receiving the transferred monies must also receive sufficient information to administer the RESP on a continuing basis, such as:

- subscriber information;
- beneficiary information;
- the effective date of the plan;
- information about contributions; and
- information about the education savings incentives.

The RESP transfer form can be downloaded from the Forms tab at Canada.ca/RESPresources.
7. Distribution of assets from an RESP

There are six different ways that a distribution of RESP assets can be made by an RESP promoter:

- EAPs;
- accumulated income payments (AIPs);
- rollover of RESP investment earnings into a Registered Disability Savings Plan (RDSP);
- rollover of RESP earnings to a registered retirement savings plan (RRSP);
- payments to a designated educational institution in Canada; and
- payments of contributions to either the subscriber or the beneficiary.

For more information, see Chapter 3-3: Options for assets remaining in the RESP.
The Canada Education Savings Grant (CESG) is an education savings incentive administered by the Canada Education Savings Program (CESP), Employment and Social Development Canada (ESDC).

Registered Education Savings Plan (RESP) promoters must enter into an agreement with ESDC to offer the CESG or any other education savings incentive administered by ESDC.

The CESG is based on contributions made to an RESP in respect of an eligible beneficiary and is comprised of two components:

- Basic CESG
- Additional CESG

See Appendix C for a list of acronyms and terms used in this guide.

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<td>2 – 2 – 30</td>
</tr>
</tbody>
</table>
1. The Basic and Additional CESG – an overview

The CESG consists of:

- a **Basic CESG** of 20% on the first $2,500 (or less) of contributions each year to an RESP is available to all eligible residents of Canada regardless of adjusted income; and
- an **Additional CESG** which may be either 10% or 20% on the first $500 (or less) of contributions each year, depending on adjusted income (see 2. Eligibility criteria).

The CESG is available for contributions made until the end of the calendar year in which the beneficiary turns 17. The total combined amount of the CESG paid into all RESPs in respect of a specific beneficiary cannot exceed the CESG lifetime limit of $7,200.

1.1. How it works

The payment of the CESG is based on the following requirements:

- **An RESP.** A subscriber must meet with a participating RESP promoter, open an RESP, and name an eligible beneficiary.
- **Eligibility criteria.** The subscriber and participating RESP promoter ensure that all eligibility criteria for the CESG have been met.
- **Application process.** The subscriber requests a participating RESP promoter to request for the CESG on their behalf. See 6. Applying for the Basic and Additional CESG.
- **RESP contributions.** The subscriber makes contributions to the RESP which may attract CESG payments into the RESP.
2. Eligibility criteria

To determine if a contribution is eligible for the CESG, the following eligibility criteria should be considered:

2.1. Basic CESG

- Does the beneficiary have a valid Social Insurance Number (SIN)?

- Has the subscriber established and registered an Education Savings Plan (ESP) with an RESP promoter and named a beneficiary?

- Was the beneficiary a Canadian resident at the time the contribution was made?

- Was the contribution made prior to the end of the calendar year in which the beneficiary turned 17?

- Has one of the following two conditions been met if the contribution was made during the calendar year that a beneficiary turned 16 or 17 years old?

  A minimum of $100 in annual RESP contributions has been made in each of any four years (consecutive or not and not withdrawn) before the end of the calendar year the beneficiary turned 15.

  OR

  A minimum of $2,000 in RESP contributions has been made (and not withdrawn) before the end of the calendar year the beneficiary turned 15.

If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for the Basic CESG.
2.2. Additional CESG

- Is the RESP an individual (non-family) plan or a family plan in which all beneficiaries are siblings?

- Was the contribution made to the RESP on or after January 1, 2005?

- Has the required information been provided? See 2.6. Information required to request the Additional CESG.

- Is the beneficiary’s individual primary caregiver (PCG) eligible to receive the Canada child benefit (CCB)?

- Is the beneficiary a dependant of an individual PCG whose adjusted income is greater than $47,630 but less than or equal to $95,259? *

  If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for both the Basic CESG and the 10% Additional CESG.

- Is the beneficiary a dependant of an individual PCG whose adjusted income is less than or equal to $47,630? *, or a dependent of a public PCG receiving payments under the Children’s Special Allowances Act (CSAA) for the beneficiary?

  If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for both the Basic CESG and the 20% Additional CESG.

* 2019 Income levels; indexed annually.

2.3. Types of RESPs for the CESG

The Basic CESG rate of 20% is payable on all eligible contributions made to an RESP recognized by the Income Tax Act (ITA).

The Additional CESG rates of 10% or 20% are payable only into the following types of RESPs:

- an individual (non-family) plan
  OR
- a family plan in which all beneficiaries are siblings
2.4. Contributions to an RESP and the CESG eligibility

Payment of the CESG is based on contributions deposited to an RESP and is subject to annual and lifetime limits. For more information, see 3. Annual CESG limits and grant room.

To qualify for the CESG, a contribution must be made to an RESP in respect of an eligible beneficiary who is:

- named under the RESP; and
- a resident of Canada at the time of the contribution.

Contributions to an RESP are considered to be “assisted” or “unassisted” in respect of the CESG:

- Assisted contributions attract the CESG payments.
- Unassisted contributions do not attract the CESG payments.

**Consequences of withdrawing assisted contributions**

The withdrawal of assisted contributions from the RESP may trigger a repayment of the CESG and may affect grant eligibility. See 8. Repaying the CESG.

As of 1998, the CESG has been available on contributions made in respect of all eligible beneficiaries starting from the year they are born, until the end of the calendar year in which they turn 17.

**Examples: Contributions and the CESG age limit**

Janet turns 17 on December 15, 2018. She is only eligible to receive the CESG for two more weeks in that year – until December 31, 2018.

Mary turns 17 on January 23, 2018. She can receive the CESG for the rest of that year – until December 31, 2018.
2.5. Contributions for 16 and 17 year-old beneficiaries

Special conditions apply for the contributions made during the calendar years in which a beneficiary turns 16 and 17 years old. For those contributions to be eligible for the CESG, one of the following conditions must apply:

- a minimum of $100 in annual RESP contributions, in respect of the beneficiary, must have been made in any four years (consecutive or not and not withdrawn) before the end of the calendar year the beneficiary turned 15;

OR

- a minimum of $2,000 in RESP contributions, in respect of the beneficiary, must have been made (and not withdrawn) before the end of the calendar year the beneficiary turned 15.

2.6. Information required to request the Additional CESG

The CESP system requires the PCG information, (or that of the individual PCGs cohabiting spouse or common-law partner, if applicable), to verify a beneficiary’s eligibility for the Additional CESG with the Canada Revenue Agency (CRA).

Promoters must submit a contribution transaction to the CESP system to request the CESG for that contribution. When a contribution transaction includes information about the PCG (or the individual PCGs cohabiting spouse or common-law partner, if applicable), the CESP system uses that information to validate the beneficiary’s eligibility for the Additional CESG on that contribution.

2.6.1. Individual PCG

A person is the individual PCG of a beneficiary if they are eligible to receive the Canada child benefit (CCB) for the beneficiary. A beneficiary could have more than one individual PCG if two people, who do not live together, share custody of the beneficiary. For more information, see 2.7 Shared custody.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. To be eligible to receive the CCB, it is necessary to complete an application form with the CRA. This form, plus additional information, is available at the CRA. Contact any local Tax Services Office, or call toll-free at 1-800-959-8281.

An individual PCG or, as of 2018, their cohabiting spouse or common-law partner, if applicable, must provide their name and SIN on the CESP application form to request the Additional CESG. The individual PCG’s adjusted income is used, in part, to validate eligibility for the Additional CESG.

The CRA calculates a PCG’s adjusted income using, in part, the net income reported on line 236 of tax returns filed by the PCG, and that of their cohabiting spouse or common-law partner, if applicable.
2.6.2. Public PCG

An organization is the public PCG of a beneficiary if it is entitled to receive payments for the beneficiary under the CSAA.

The Children’s Special Allowance is a tax-free monthly payment for a child who is under the age of 18, who physically resides in Canada, and who is under the care of an agency.

A public PCG must provide their business number (BN) to request the Additional CESG. To be eligible for the 20% Additional CESG rate, the CRA verifies that the public PCG is entitled to payments for the beneficiary under the CSAA.

2.7. Shared custody

If a beneficiary is cared for by an individual PCG and their cohabiting spouse or common-law partner, if applicable, only one person would be eligible to receive the CCB for that beneficiary at any given time.

However, if two individuals do not live together, but care for and share the custody of the beneficiary, they may share the CCB payments in respect of the beneficiary. In these situations, they both may be an individual PCG of the beneficiary at the same time.

Example: Shared custody

Robert and Sarah decided to live separately and agreed to share custody of their child, Natasha. As both Robert and Sarah applied for and receive their share of Natasha’s CCB payments, they are both an individual PCG for Natasha.

Robert and Sarah each opened their own individual RESP for Natasha. They also both requested the Additional CESG to be paid into their RESPs and provided the required information on the CESP application form.

<table>
<thead>
<tr>
<th>RESP for Natasha</th>
<th>Individual PCG recognized by the CRA for Natasha</th>
<th>Individual PCG named on the Additional CESG requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESP A</td>
<td>Robert and Sarah</td>
<td>Robert</td>
</tr>
<tr>
<td>RESP B</td>
<td>Robert and Sarah</td>
<td>Sarah</td>
</tr>
</tbody>
</table>

In this example, all contributions to RESP “A” could be submitted to the CESP system with Robert’s SIN as the individual PCG (or the SIN of his cohabiting spouse or common-law partner, if applicable).

Similarly, all contributions to RESP “B” could be submitted to the CESP system with Sarah’s SIN as the individual PCG (or the SIN of her cohabiting spouse or common-law partner, if applicable).

The CESP system would validate Natasha’s Additional CESG eligibility using the SIN of the PCG (or their cohabiting spouse or common-law partner, if applicable) that is submitted to the CESP system with each contribution transaction.
2.8. Tax year used to validate eligibility for the Additional CESG

Income amounts from the most recent tax information are used to determine eligibility for the Additional CESG.

The CESP system uses income reported for one tax year to validate the Additional CESG eligibility for all contributions made in a calendar year in respect of a beneficiary. On January 1 of each year, the CESP system re-examines the Additional CESG eligibility of existing beneficiaries for that calendar year. At the beginning of a calendar year, the most recent income reported to the CRA is normally from two years in the past. For example, on January 1, 2018, the most recent income on file at the CRA would be the income from 2016 which was reported to the CRA in 2017.

Exception

If the initial Additional CESG request made for a beneficiary, for whom the CCB is paid to an individual PCG for the first time between July 1 and December 31, eligibility (for that calendar year only) may be validated using income on file from the previous calendar year.
3. Annual CESG limits and grant room

From 1998 to 2006, $400 was added annually to the grant room (unused Basic CESG amounts) of each eligible beneficiary. As of 2007, $500 is added annually to the grant room of each eligible beneficiary.

Grant room can accumulate until the end of the calendar year in which the child turns 17, even if the child is not named as a beneficiary in an RESP.

<table>
<thead>
<tr>
<th>Period</th>
<th>Annual amount added to Basic CESG grant room per beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$400</td>
</tr>
<tr>
<td>Since 2007</td>
<td>$500</td>
</tr>
</tbody>
</table>

The amount of grant room carried forward will affect the maximum amount of Basic CESG that can be paid for a beneficiary in a single calendar year, provided sufficient contributions are made to the RESP.

If a beneficiary is eligible for the Additional CESG in a particular year, an RESP contribution must be made in the name of the beneficiary during that year to attract the Additional CESG. Unused entitlements to the Additional CESG cannot be carried forward for use in future years.

The CESG is paid on contributions made to an RESP in the name of a beneficiary. Eligible children can benefit from grant room only if they are beneficiaries of an RESP.

If all contributions made across all RESPs in respect of a beneficiary are insufficient to receive the full amount added to the grant room each year for the beneficiary, the difference (unused Basic CESG amounts) can be carried forward and added to the accumulated grant room for use in future years. This allows subscribers to potentially catch up on the unused Basic CESG amounts.

The following tables and examples illustrate how the Basic CESG and the Additional CESG are calculated. They also describe the annual limit of the corresponding CESG.
### The Basic CESG

<table>
<thead>
<tr>
<th>Period</th>
<th>The Basic CESG annual limit</th>
<th>Contribution required for the Basic CESG annual limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$800 (20% of $4,000)</td>
<td>$4,000</td>
</tr>
<tr>
<td>Since 2007</td>
<td>$1,000 (20% of $5,000)</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

### The Additional CESG

<table>
<thead>
<tr>
<th>Individual PCG’s adjusted income (2019 income levels; indexed annually)</th>
<th>The Additional CESG annual limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $47,630</td>
<td>$100 (20% of $500)</td>
</tr>
<tr>
<td>Greater than $47,630 but less than or equal to $95,259</td>
<td>$50 (10% of $500)</td>
</tr>
<tr>
<td>More than $95,259</td>
<td>0</td>
</tr>
</tbody>
</table>

### Example: The annual Basic CESG limit and grant room

If $1,000 of grant room has accumulated due to unused Basic CESG amounts being carried forward, an RESP could receive a total of $1,000 of Basic CESG in one year from a $5,000 RESP contribution made in respect of the beneficiary.

In this scenario, the entire $5,000 of contributions would be eligible for a 20% payment of the Basic CESG, allowing the subscriber to catch up on the beneficiary’s grant room that had been carried forward. The full $5,000 would be an assisted contribution.

### Example: The annual Additional CESG limit and grant room

If the beneficiary is eligible to receive the 10% Additional CESG on the first $500 of contributions, $50 ($500 x 10%) of the Additional CESG would be paid over and above the $1,000 of the Basic CESG shown in the previous example. This means the total CESG limit for that year would be $1,050.

If the beneficiary is eligible to receive the 20% Additional CESG on the first $500 of contributions, $100 ($500 x 20%) of the Additional CESG would be paid over and above the $1,000 of the Basic CESG shown in the previous example. This means the total CESG limit for that year would be $1,100.

### Annual maximum amounts per beneficiary

<table>
<thead>
<tr>
<th>RESP Contribution limits</th>
<th>1998 to 2006</th>
<th>Since 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic CESG</td>
<td>Annual amount added to grant room</td>
<td>$400</td>
</tr>
<tr>
<td></td>
<td>Basic CESG annual limit</td>
<td>$800</td>
</tr>
<tr>
<td></td>
<td>Annual amount added to grant room</td>
<td>$500</td>
</tr>
<tr>
<td></td>
<td>Basic CESG annual limit</td>
<td>$1000</td>
</tr>
<tr>
<td>Additional CESG</td>
<td>Yearly maximum Additional CESG (10% or 20% on the first $500 of contributions)</td>
<td>$100 OR + $50</td>
</tr>
<tr>
<td>Total CESG (Basic + Additional)</td>
<td>Yearly maximum payable with carry forward</td>
<td>$900</td>
</tr>
<tr>
<td></td>
<td>Yearly maximum payable with carry forward</td>
<td>$1,100</td>
</tr>
</tbody>
</table>
3.1. Grant room and beneficiary residency

When a family moves out of Canada, they may not be considered residents of Canada, for tax purposes, during the time that they are out of the country. In these situations, the children would not accumulate grant room.

Subscribers are responsible for informing their RESP promoter of changes in beneficiary residency status. In turn, the RESP promoter must not accept RESP contributions nor request the CESG if the beneficiary does not meet residency requirements.

If parents of beneficiaries are with a diplomatic mission or in the Canadian Armed Forces, the beneficiaries may still be considered residents of Canada. In these situations, the beneficiaries would be eligible for the CESG and their grant room would continue to accumulate.

To determine residency status, contact the CRA International Tax Services Office at 1-800-267-5177.

4. Lifetime CESG limits

The maximum lifetime CESG limit is $7,200 per beneficiary. The sum of the Basic and the Additional CESG payments cannot exceed this limit.

If a subscriber opens an RESP, names a child as the beneficiary at birth and deposits $2,000 annually until the end of the year in which this beneficiary turns 17, all of these contributions may be eligible for the maximum lifetime CESG of $7,200 assuming the beneficiary is only eligible for the Basic CESG.

**Example: A beneficiary is only eligible for the Basic CESG**

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Years</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>18</td>
<td>$36,000</td>
</tr>
<tr>
<td>$400</td>
<td>18</td>
<td>$7,200</td>
</tr>
</tbody>
</table>

When the beneficiary is eligible for the Additional CESG, the time and the amount of contributions required to reach the lifetime $7,200 CESG limit for the beneficiary would be reduced.

**Example: A beneficiary is also eligible for the 20% Additional CESG**

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Years</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>14.4</td>
<td>$28,800</td>
</tr>
<tr>
<td>$400</td>
<td>14.4</td>
<td>$5,760</td>
</tr>
<tr>
<td>$100</td>
<td>14.4</td>
<td>$1,440</td>
</tr>
</tbody>
</table>

Once the sum of all CESG payments in respect of a beneficiary (made to all RESPs in which the beneficiary is named) have reached the lifetime CESG limit of $7,200, additional contributions would no longer attract any CESG payments for that beneficiary.
5. Calculating the CESG

The Basic CESG and the Additional CESG are calculated independently.

5.1. Calculating the Basic CESG

The Basic CESG amount paid into an RESP is equal to 20% of the eligible contribution made to the RESP in respect of the beneficiary.

Calculating the Basic CESG

<table>
<thead>
<tr>
<th>Eligible contribution x 20%</th>
<th>Basic CESG amount</th>
</tr>
</thead>
</table>

The amount of Basic CESG that can be paid each year in respect of a beneficiary is limited to the lesser of the following amounts:

- the accumulated grant room available for the beneficiary
- the Basic CESG annual limit

<table>
<thead>
<tr>
<th>Period</th>
<th>Basic CESG annual limit</th>
<th>Contribution required for the Basic CESG annual limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$800 (20% of $4,000)</td>
<td>$4,000</td>
</tr>
<tr>
<td>Since 2007</td>
<td>$1,000 (20% of $5,000)</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

See also 3. Annual CESG limits and grant room.

5.2. Calculating the Additional CESG

To calculate the Additional CESG, the CESP system must first determine if the beneficiary is eligible for the 10% or 20% Additional CESG rates. While an eligible beneficiary in care of a public PCG qualifies for the 20% rate, the rate for a beneficiary in care of an individual PCG depends on the adjusted income of the individual as shown in the following table:

<table>
<thead>
<tr>
<th>Individual PCG adjusted income (2019 income levels; indexed annually)</th>
<th>Additional CESG rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $47,630</td>
<td>20%</td>
</tr>
<tr>
<td>Greater than $47,630 but less than or equal to $95,259</td>
<td>10%</td>
</tr>
<tr>
<td>More than $95,259</td>
<td>Beneficiary is not eligible</td>
</tr>
</tbody>
</table>

The Additional CESG of 10% or 20% is paid on the first $500 (or less) of eligible contributions each year in respect of the beneficiary.

Calculating the Additional CESG

<table>
<thead>
<tr>
<th>Eligible contribution x 10% or 20%</th>
<th>Additional CESG amount</th>
</tr>
</thead>
</table>

See also 2.6 Information required to request the Additional CESG.
5.3. CESG calculation examples

The calculation of the CESG depends on a number of factors, such as:

- the birth year of the beneficiary;
- eligibility for the Additional CESG; and
- the amount of unused Basic CESG amounts carried forward (grant room).

5.3.1. Basic and Additional CESG example with no carry forward

In the following example, the entire annual amount added to grant room is used every year which limits the eligible contributions for the Basic CESG to $2,000 (in 2005 and 2006) or $2,500 (in 2007). In this example, the beneficiary was also eligible for the 20% Additional CESG rate every year.

This example shows amounts for annual contributions and also lists the eligible contributions separately for the Basic CESG and the Additional CESG. These values are then used to calculate the amounts paid for the Basic CESG and the Additional CESG.

<table>
<thead>
<tr>
<th>Year</th>
<th>Age of beneficiary</th>
<th>Annual amount added to grant room</th>
<th>Annual contributions in respect of the beneficiary</th>
<th>Eligible contributions*</th>
<th>Basic CESG paid</th>
<th>Additional CESG paid</th>
<th>Total CESG paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Born</td>
<td>$400</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$500</td>
<td>$400</td>
<td>$500</td>
</tr>
<tr>
<td>2006</td>
<td>1</td>
<td>$400</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$500</td>
<td>$400</td>
<td>$500</td>
</tr>
<tr>
<td>2007</td>
<td>2</td>
<td>$500</td>
<td>$3,000</td>
<td>$2,500</td>
<td>$500</td>
<td>$500</td>
<td>$600</td>
</tr>
<tr>
<td></td>
<td>Sub-totals:</td>
<td></td>
<td>$7,000</td>
<td>$6,500</td>
<td>$1,500</td>
<td>$1,300</td>
<td>$300</td>
</tr>
<tr>
<td></td>
<td>Total in RESP:</td>
<td></td>
<td>$8,600 ($7,000 Contributions + $1,600 CESG)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Once eligible contributions have attracted grant, they become assisted contributions.

In this example, the CESG amount paid over the three years can be determined using the following calculations:

**Basic CESG:**

$6,500 (eligible contributions) \* 20\% = $1,300

**20% Additional CESG:**

$1,500 (eligible contributions) \* 20\% = $300

**Total CESG (Basic + Additional):**

$1,300 (Basic CESG) + $300 (Additional CESG) = $1,600
5.3.2. Catching up on unused grant room – Basic CESG only

Consider the following example for a beneficiary who was born in 2005 but was never eligible for the Additional CESG.

The subscriber could catch up on four years of unused Basic CESG amounts (grant room) between 2005 and 2008, when contributions were not made, by making contributions each year that exceed $2,500 from 2009 to 2014. The child was named as a beneficiary in only one RESP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual amount added to grant room</th>
<th>Accumulated grant room</th>
<th>RESP contributions</th>
<th>Basic CESG paid to RESP</th>
<th>CESG carry forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$400</td>
<td>$400</td>
<td>$0</td>
<td>$0</td>
<td>$400</td>
</tr>
<tr>
<td>2006</td>
<td>$400</td>
<td>$800</td>
<td>$0</td>
<td>$0</td>
<td>$800</td>
</tr>
<tr>
<td>2007</td>
<td>$500</td>
<td>$1,300</td>
<td>$0</td>
<td>$0</td>
<td>$1,300</td>
</tr>
<tr>
<td>2008</td>
<td>$500</td>
<td>$1,800</td>
<td>$0</td>
<td>$0</td>
<td>$1,800</td>
</tr>
</tbody>
</table>

Child’s parents enter into an RESP in 2009 and name child as beneficiary

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual amount added to grant room</th>
<th>Accumulated grant room</th>
<th>RESP contributions</th>
<th>Basic CESG paid to RESP</th>
<th>CESG carry forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$500</td>
<td>$2,300</td>
<td>$3,000</td>
<td>$600</td>
<td>$1,700</td>
</tr>
<tr>
<td>2010</td>
<td>$500</td>
<td>$2,200</td>
<td>$3,000</td>
<td>$600</td>
<td>$1,600</td>
</tr>
<tr>
<td>2011</td>
<td>$500</td>
<td>$2,100</td>
<td>$3,000</td>
<td>$600</td>
<td>$1,500</td>
</tr>
<tr>
<td>2012</td>
<td>$500</td>
<td>$2,000</td>
<td>$5,000</td>
<td>$1000</td>
<td>$1,000</td>
</tr>
<tr>
<td>2013</td>
<td>$500</td>
<td>$1,500</td>
<td>$5,000</td>
<td>$1000</td>
<td>$500</td>
</tr>
<tr>
<td>2014</td>
<td>$500</td>
<td>$1,000</td>
<td>$5,000</td>
<td>$1000</td>
<td>$0</td>
</tr>
<tr>
<td>2015</td>
<td>$500</td>
<td>$500</td>
<td>$2,500</td>
<td>$500</td>
<td>$0</td>
</tr>
<tr>
<td>2016</td>
<td>$500</td>
<td>$500</td>
<td>$2,500</td>
<td>$500</td>
<td>$0</td>
</tr>
</tbody>
</table>
5.3.3. Catching up on unused grant room – Basic and Additional CESG

The following example illustrates how a subscriber could catch up on unused Basic CESG amounts when the beneficiary is eligible for both the Basic CESG and the Additional CESG. The child was born in 2005 and was named as a beneficiary in only one RESP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Added to Grant Room</th>
<th>Accumulated Grant Room</th>
<th>RESP Contribution</th>
<th>Basic CESG Paid</th>
<th>Additional CESG Rate</th>
<th>Additional CESG Paid</th>
<th>Carry Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$400</td>
<td>$400</td>
<td>$200</td>
<td>$40</td>
<td>20%</td>
<td>$40</td>
<td>$360</td>
</tr>
<tr>
<td></td>
<td>($0 + $400)</td>
<td>($0 + $400)</td>
<td></td>
<td>($0 + $200)</td>
<td></td>
<td>($0 + $200)</td>
<td>($0 + $360)</td>
</tr>
<tr>
<td>2006</td>
<td>$400</td>
<td>$760</td>
<td>$300</td>
<td>$60</td>
<td>20%</td>
<td>$60</td>
<td>$700</td>
</tr>
<tr>
<td></td>
<td>($360 + $400)</td>
<td>($360 + $400)</td>
<td></td>
<td>($200 + $300)</td>
<td></td>
<td>($200 + $300)</td>
<td>($360 + $700)</td>
</tr>
<tr>
<td>2007</td>
<td>$500</td>
<td>$1,200</td>
<td>$400</td>
<td>$80</td>
<td>10%</td>
<td>$40</td>
<td>$1,120</td>
</tr>
<tr>
<td></td>
<td>($700 + $500)</td>
<td>($700 + $500)</td>
<td></td>
<td>($200 + $400)</td>
<td></td>
<td>($200 + $400)</td>
<td>($1,120 + $80)</td>
</tr>
<tr>
<td>2008</td>
<td>$500</td>
<td>$1,620</td>
<td>$2,000</td>
<td>$400</td>
<td>10%</td>
<td>$50</td>
<td>$1,220</td>
</tr>
<tr>
<td></td>
<td>($1,120 + $500)</td>
<td>($1,120 + $500)</td>
<td></td>
<td>($200 x $2000)</td>
<td></td>
<td>($200 x $500)</td>
<td>($1,220 + $400)</td>
</tr>
<tr>
<td>2009</td>
<td>$500</td>
<td>$1,720</td>
<td>$3,000</td>
<td>$600</td>
<td>N/A</td>
<td>$0</td>
<td>$1,120</td>
</tr>
<tr>
<td></td>
<td>($1,220 + $500)</td>
<td>($1,220 + $500)</td>
<td></td>
<td>($200 x $3000)</td>
<td></td>
<td>($200 x $3000)</td>
<td>($1,120 + $600)</td>
</tr>
<tr>
<td>2010</td>
<td>$500</td>
<td>$1,620</td>
<td>$5,000</td>
<td>$1,000</td>
<td>N/A</td>
<td>$0</td>
<td>$620</td>
</tr>
<tr>
<td></td>
<td>($1,120 + $500)</td>
<td>($1,120 + $500)</td>
<td></td>
<td>($200 x $5000)</td>
<td></td>
<td>($200 x $5000)</td>
<td>($1,120 + $1,000)</td>
</tr>
<tr>
<td>2011</td>
<td>$500</td>
<td>$1,120</td>
<td>$5,000</td>
<td>$1,000</td>
<td>N/A</td>
<td>$0</td>
<td>$120</td>
</tr>
<tr>
<td></td>
<td>($620 + $500)</td>
<td>($620 + $500)</td>
<td></td>
<td>($200 x $5000)</td>
<td></td>
<td>($200 x $5000)</td>
<td>($1,120 + $1,000)</td>
</tr>
<tr>
<td>2012</td>
<td>$500</td>
<td>$620</td>
<td>$3,000</td>
<td>$600</td>
<td>N/A</td>
<td>$0</td>
<td>$20</td>
</tr>
<tr>
<td></td>
<td>($120 + $500)</td>
<td>($120 + $500)</td>
<td></td>
<td>($200 x $3000)</td>
<td></td>
<td>($200 x $3000)</td>
<td>($620 + $600)</td>
</tr>
<tr>
<td>2013</td>
<td>$500</td>
<td>$520</td>
<td>$2,600</td>
<td>$520</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>($20 x $500)</td>
<td>($20 x $500)</td>
<td></td>
<td>($20 x $5,600)</td>
<td></td>
<td>($20 x $5,600)</td>
<td>($520 + $520)</td>
</tr>
</tbody>
</table>

Although the contributions made from 2005 to 2008 qualified for both the Basic and the Additional CESG amounts, the carry forward calculation is solely dependant on the Basic CESG amounts.
6. Applying for the Basic and the Additional CESG

The following illustration provides an overview of the application process for the Basic and Additional CESG.

- **For the Additional CESG:** Individual (non-family) plan or family plan with siblings only

- **Subscriber deposits contributions**

- **Establish the ESP; notify parent / legal guardian within 90 days**
  - Subscriber SIN
  - Beneficiary SIN

- **Confirm eligibility criteria**
  - Individual PCG (or their cohabiting spouse or common-law partner)
    - Name and SIN
  - Public PCG
    - Business number (BN)

- **Complete and sign the CESP application form**

- **Submit Information to the CESP system to request registration of ESP**

- **Electronic transaction**

- The CESP system validates data; communicates with the CRA to request registration of the ESP

- The CESP system calculates and pays the CESG
6.1. The application process for the Basic and the Additional CESG

Who is involved
The process of applying for the Basic CESG and the Additional CESG includes the participation of the following individuals:
- the RESP promoter
- the subscriber(s)
- the custodial parent or legal guardian
- the PCG or, as of 2018, their cohabiting spouse or common-law partner if applicable (for the Additional CESG only)

The RESP promoter facilitates the application process by:
- establishing and requesting registration of an education savings plan (ESP) (initiated by the subscriber);
- confirming with the subscriber that the beneficiary qualifies for the CESG (either the Basic CESG or both the Basic and the Additional CESG) by discussing the eligibility criteria; and
- assisting the subscriber to complete the appropriate application form.

The following provides a step-by-step overview of the application process:

Subscriber:
1. The subscriber approaches an RESP promoter authorized to offer the Basic CESG and the Additional CESG with the intent of opening and registering an ESP and naming a beneficiary.

RESP promoter:
2. The RESP promoter establishes the ESP, making sure to obtain the SIN for:
   - the subscriber; and
   - the beneficiary.

   Note: If the subscriber is applying for the Additional CESG, the plan must be an individual (non-family) plan or a family plan in which all beneficiaries are siblings.

Opening and registering the ESP
The RESP promoter must notify the parent or the legal guardian that an ESP has been opened for the beneficiary within 90 days of establishing the plan. The CESP system is responsible for communicating to the CRA the request to register the ESP. For more information, see Chapter 1-4: Registered Education Savings Plans (RESPs).

3. The RESP promoter reviews the eligibility criteria with the subscriber to identify whether the beneficiary qualifies for the Basic CESG or both the Basic and the Additional CESG. See 2. Eligibility criteria.
4. The RESP promoter ensures the appropriate application form is completed and obtains the required information and signatures.

**Note:** Maintain the original signed application form according to established record keeping procedures.

For instructions to complete the form, see **Appendix A: Application form – education savings incentives.**

### Individual PCG

If applying for the Additional CESG amounts for a beneficiary in care of an individual PCG, make sure to obtain the SIN of the PCG or their cohabiting spouse or common-law partner, if applicable.

The individual PCG is the person eligible to receive the CCB.

### Public PCG

If applying for the Additional CESG amounts for a beneficiary in care of a public PCG, make sure to obtain the PCG’s BN.

The public PCG could be a department, agency, or institution that receives a payment for the child under the CSAA.

### Accurate information ensures payment of the CESG

When completing the CESP application form, it is important to verify the accuracy of all information. Information on this form is used to electronically submit the CESG request to the CESP system. Inaccurate information may result in the transaction being rejected, delaying the payment of the CESG. For more information, see **Chapter 1–3: CESP system and interface transaction standards (ITS).**

### Subscriber:

5. The subscriber makes contributions to the RESP which are required to qualify for the Basic CESG and the Additional CESG.

**Note:** Special conditions apply to contributions made during the calendar years in which the beneficiary turns 16 and 17 years old. See **2.5. Contributions for 16 and 17 year-old beneficiaries.**

### RESP contribution limits per beneficiary

The RESP promoter can take this opportunity to remind the subscriber of RESP contribution limits in respect of each beneficiary:

<table>
<thead>
<tr>
<th>Period</th>
<th>Annual RESP contribution limit</th>
<th>Lifetime RESP contribution limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 to 2006</td>
<td>$4,000</td>
<td>$42,000</td>
</tr>
<tr>
<td>Since 2007</td>
<td>Annual RESP contribution limit</td>
<td>No limit</td>
</tr>
<tr>
<td></td>
<td>Lifetime RESP contribution limit</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

### RESP Promoter:

6. The promoter processes the application form according to their established procedures.
6.2. Post-application checklist

- Confirm all information has been accurately recorded on the CESP application form.
  
  Accurate information ensures timely payment of the CESG. Inaccurate information may result in a delayed payment.

- Remind subscribers of RESP contribution limits, informing them of the need to coordinate contributions if they are aware of other RESPs that have been established for the beneficiary.

  This will help avoid overcontributions and potential penalty taxes.

- Remind the subscriber that more than one RESP can be established for a beneficiary and that this could result in the CESP system receiving multiple requests for the CESG in respect of the beneficiary.

  If multiple requests for the CESG are submitted for the same beneficiary, the CESG will be paid to the first request submitted and successfully processed by the CESP system.

  For more information, refer to 7.1 Order of payments.

- If the subscriber is not the beneficiary’s custodial parent or legal guardian, advise the subscriber that the RESP promoter must notify the custodial parent or legal guardian within 90 days that an ESP has been opened.

- Advise subscribers that they will be notified by the RESP promoter once the ESP has been registered with the CRA.

- Advise subscribers that they will be notified by the RESP promoter of the CESG payments to the RESP.
Chapter 2-1: The Canada Education Savings Grant (CESG)

7. Receiving and depositing the CESG

Once RESP promoters receive a CESG payment from ESDC, they are responsible for:

- depositing the payment into the appropriate RESP; and
- accounting for the payment in the CESG notional account.

7.1. Order of payments

Since a child can be a beneficiary of more than one RESP at a given time, the CESP system responds to requests for the CESG on a first-come, first-served basis.

Therefore, when multiple requests for the CESG are submitted for the same beneficiary in the same monthly reporting period, the CESG will be paid for the request with the earliest transaction date. If more than one CESG request has the same contribution date, the CESG amount paid is pro-rated across all successfully processed requests in that processing period.

7.2. Sharing the CESG and earnings – family and group plans

The Basic CESG, the Additional CESG and the RESP earnings can be used in an educational assistance payment (EAP) by any eligible beneficiary of the RESP, as long as the beneficiary meets the requirements for the EAP.

However, the existence of any Additional CESG in the RESP places restrictions on who can be named as a beneficiary of the plan and who can share those additional amounts and associated earnings. For the plan to have received the Additional CESG, all of the beneficiaries of a family plan had to have been siblings.

The CESG and the earnings on the CESG cannot be shared among beneficiaries in a group plan, regardless of whether or not the plan received the Basic CESG or the Additional CESG.

Forfeited CESG and earnings on the CESG in group plans

The Canada Education Savings Regulations stipulate that the “CESG and the earnings generated on them may only be shared among the beneficiaries of the RESP.” The term “RESP” refers only to the individual contract itself and not the group RESPs under the same specimen plan. As a result, the forfeited CESG and the forfeited earnings on the CESG cannot be redistributed amongst group plan cohorts.

While any forfeited amounts of the CESG must be repaid to the government of Canada, forfeited earnings can be managed in one of the following ways:

- as an accumulated income payment (AIP)
- as a payment to a designated educational institution.

For more information about these options, see Chapter 3-3: Options for assets remaining in the RESP.
7.3. Reasons for non-payment of the CESG

To ensure that an RESP receives all eligible amounts of the CESG, the RESP promoter must:

- ensure the CESP application form is completed accurately. See Appendix A: Application form – education savings incentives
- submit the information collected on the form, along with other required information, to the CESP system via electronic transactions. These transactions must pass the required validation for the formatting and business rules specified in the CESP Interface Transaction Standards (ITS).

The CESP system acknowledges a successfully processed request for the CESG by sending the RESP promoter a record in their monthly transaction processing report. This record will include the CESG amount that will be paid.

There may be situations in which the CESG will not be paid for specific CESG requests and the CESP system will send reports to the RESP promoter if:

- a request for the CESG is rejected; or
- a request for the CESG is refused.

For more information about the information exchanged between the RESP promoters and the CESP system, see Chapter 1-3: CESP system and interface transaction standards (ITS).

7.3.1. When requests for the CESG are rejected with an error code

If a request for the CESG contains an error (e.g. the electronic transaction has an error in formatting) it will be rejected by the CESP system with an error code. The CESP system generates monthly error reports and RESP promoters are responsible for making the necessary corrections for these rejected transactions.

For more information about error codes, see Appendix E, Understanding error codes.

7.3.2. When requests for the CESG are processed with a refusal reason

The CESG payment may be refused by the CESP system for successfully processed CESG requests if one or more of the CESG business rules are not satisfied. For example, contributions made after December 31 in the year the beneficiary turned 17 are not eligible for the CESG.

The CESP system informs RESP promoters when a CESG request has been successfully processed with a refusal reason in their monthly transaction processing report.

For more information about refusal reasons, refer to Appendix F, Understanding refusal reasons.
7.4. Condition for payment of the CESG – three-year rule

A request for the CESG must be submitted and successfully processed within three years of the corresponding contribution date.

This condition ensures that the RESPs of eligible beneficiaries receive the CESG within a reasonable timeframe and that payments are not delayed due to administrative issues.

This three-year rule also applies to correcting financial transactions. If the RESP promoter submits incorrect information or makes a formatting error in the financial transaction, they must correct and re-submit that transaction within three-years of the original transaction date.

Example: three-year-rule

A contribution was made on July 14, 2016. However, due to a keying error on the part of the RESP promoter, the contribution transaction did not include a request for the CESG.

The CESP system returned a record in the transaction processing report, notifying the RESP promoter that the CESG was not paid because it was not requested (refusal reason 6 “transaction requested no grant/bond”).

To obtain the CESG on this contribution, the RESP promoter must reverse the original transaction (that requested no grant) and resubmit a new transaction with the ‘grant requested flag’ set to “Yes”. The new transaction must be sent in a file to the CESP system within three years of the July 14, 2016, transaction date, (no later than July 14, 2019) and that resubmitted transaction must be successfully processed by the CESP system.

If the RESP promoter fails to successfully submit or correct a transaction within the three-year period, the CESP system will process the transaction but will not pay the CESG.

8. Repaying the CESG

Certain circumstances require a repayment of the CESG to the Government of Canada. They fall under one of two categories (or types), as follows:

- withdrawal of assisted contributions
- other repayment circumstances

The type of circumstance will determine the method used to calculate the amount of CESG that must be repaid.

Repayment consequences

Repayment of the CESG is not restored to the beneficiary’s grant room. For more information, see 3. Annual CESG limits and grant room.
Chapter 2–1: The Canada Education Savings Grant (CESG)

8.1. Repayment process

The RESP promoter must:

1. recognize and identify circumstances that require a CESG repayment;
2. determine the CESG amount to repay; and
3. submit the required financial transaction(s) to the CESP system, indicating the amount and reason for the repayment.

See 8.4 Submitting repayment information to the CESP system.

8.2. Withdrawal of contributions

The CESG was introduced as a contribution-based incentive to encourage parents to save for their child’s post-secondary education. Consequently, there are specific rules that govern the withdrawal of contributions from an RESP.

8.2.1. Order of contribution withdrawals

When a subscriber withdraws contributions from an RESP, they are considered to be withdrawn in the following order:

1. assisted contributions that were made in 1998 and after
2. unassisted contributions that were made in 1998 and after
3. unassisted contributions that were made before 1998

A subscriber can withdraw contributions from an RESP without having to repay the CESG only if:

- the withdrawal is to correct an overcontribution less than $4,000; or
- a beneficiary of the plan is eligible to receive an EAP.

In any other instance, the withdrawal of assisted contributions requires a repayment of the CESG.

Withdrawals to correct an overcontribution

Under normal circumstances, a withdrawal of contributions will require a repayment of the CESG. However, if the withdrawal is to correct an overcontribution and the amount of the overcontribution at the time of the withdrawal is $4,000 or less, the CESG does not have to be repaid.

The subscriber is required to complete and provide the RESP promoter with the form entitled Subscriber Statement for an RESP Overcontribution Withdrawal of $4,000 or less. See Appendix D: Forms index – education savings incentives. This document must be kept with the client’s file; it represents a record as to why the RESP promoter did not submit a CESG repayment amount when a withdrawal of contributions occurred.

For more information, see Chapter 1–4: Registered Education Savings Plans (RESPs).
8.2.2. Calculating the CESG repayment – withdrawal of assisted contributions

The amount of CESG that must be repaid due to a withdrawal of assisted contributions must be calculated using the following formula:

\[ \frac{A}{B} \times C \]

where:

- \( A \) = the balance of the CESG notional account for the RESP immediately before the withdrawal of contributions
- \( B \) = the balance of the assisted contributions notional account for the RESP immediately before the withdrawal of contributions
- \( C \) = the amount of the assisted contribution withdrawn

To determine the amount of CESG to be repaid, the RESP promoter must determine the amounts represented by “A”, “B” and “C” and calculate the results using this formula.

Consider the following example that includes payments of both the Basic and the Additional CESG.

<table>
<thead>
<tr>
<th>Year</th>
<th>Age of beneficiary</th>
<th>Assisted contributions</th>
<th>Basic CESG paid</th>
<th>Additional CESG rate</th>
<th>Additional CESG paid</th>
<th>Total CESG</th>
<th>Contributions withdrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Born</td>
<td>$2,000</td>
<td>$400</td>
<td>20% (of first $500)</td>
<td>$100</td>
<td>$500</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>1</td>
<td>$2,000</td>
<td>$400</td>
<td>20% (of first $500)</td>
<td>$100</td>
<td>$500</td>
<td>$800</td>
</tr>
<tr>
<td>Totals:</td>
<td>$4,000</td>
<td>$800</td>
<td></td>
<td></td>
<td>$200</td>
<td>$1,000</td>
<td>$800</td>
</tr>
</tbody>
</table>

In this example, the formula values are:

\[ \frac{A}{B} \times C = \frac{$1,000}{$4,000} \times $800 = $200 \]

**Note**: Contributions are considered to be withdrawn from the assisted contributions notional account first. See 8.2.1 Order of withdrawals. \( \frac{A}{B} \times C = \frac{$1,000}{ $4,000 \times $800} = $200 \)

The RESP promoter must submit a repayment transaction to the CESG system to report a CESG repayment amount of $200 with a repayment reason of 01 (Contribution withdrawal). Each beneficiary in this RESP would not be eligible for the Additional CESG under any RESP for the remainder of 2006 and for the following two calendar years. See 8.2.3 Withdrawing contributions after March 22, 2004.
8.2.3. Withdrawing contributions after March 22, 2004

The withdrawal of assisted contributions from an RESP after March 22, 2004, may cause all beneficiaries named in that RESP to become ineligible for the Additional CESG rates for:

- the balance of that calendar year; and
- the next two calendar years.

As this “anti-churning” rule is administered across all plans, a contribution withdrawal from one plan may cause a beneficiary to become ineligible for the Additional CESG in any other plan in which the beneficiary is named as a beneficiary. This means if a contribution withdrawal is made from a family plan with multiple beneficiaries, all of the beneficiaries of the plan will be considered ineligible for the Additional CESG, even if contributions are made in respect of these beneficiaries in other RESPs.

RESP promoters that request the Additional CESG in respect of affected beneficiaries will receive a refusal reason “F” (anti-churning rule violation).

A beneficiary’s eligibility for the Basic CESG is not affected by this anti-churning rule. Furthermore, the anti-churning rule does not apply if:

- the withdrawal of contributions occurs when a beneficiary is eligible for an EAP; or
- the withdrawal is to correct an over-contribution of less than $4,000 (across all RESPs) at the time of the withdrawal.

8.2.4. Withdrawing pre-1998 contributions

As the CESG was introduced in 1998, any RESP contributions made prior to that year do not qualify for this education savings incentive.

RESP contributions made before 1998 cannot be withdrawn and then re-contributed to the same, or another RESP, with the intention of receiving the CESG.

Consequences of withdrawing pre-1998 contributions

As explained in 8.2.1. Order of contribution withdrawals, a certain order must be followed when withdrawing RESP contributions. A withdrawal of pre-1998 contributions will cause all beneficiaries under the plan to be ineligible for any CESG (Basic or Additional) under any plan:

- in the calendar year in which the withdrawal was made; and
- for the following two calendar years.
8.3. Other repayment circumstances

In addition to the withdrawal of assisted contributions, there are a number of other circumstances in which the CESG must be repaid.

The RESP promoter must also repay the CESG in an RESP in the following circumstances:

- The RESP is terminated.
- The registration for the RESP is revoked.
- An accumulated income payment (AIP) is made.
- A payment to a designated educational institution is made.
- An EAP is made to an individual who is not a beneficiary of the RESP.
- An ineligible transfer occurs.
- An ineligible beneficiary replacement occurs.
- A beneficiary, who is not a sibling, is added to a sibling-only RESP after the Additional CESG has been paid into this RESP.

Promoters initiate a CESG repayment from an RESP by submitting a transaction to the CESP system, indicating the amount of the CESG to repay and the repayment reason. The CESP system makes monthly direct deposits for each promoter, which includes all education savings incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. All repayment amounts for the previous month are subtracted from the amount that would normally be paid to promoters in their next direct deposit. See 8.4. Submitting repayment information to the CESP system.

Promoters can contact their CESP promoter support officer for additional information.

Beneficiaries may also be asked to return the CESG amounts paid in EAPs

Beneficiaries are allowed to receive a lifetime EAP limit of $7,200 in CESG. They must also be residents of Canada to receive the CESG amounts in an EAP.

If it is determined that they were not entitled to receive the CESG amounts in some of their EAPs, beneficiaries may receive a notice of debt for these amounts, with repayment instructions.

Promoters would not submit transactions to the CESP system in these cases because the beneficiary pays this debt directly to the Government of Canada. However, there may be situations in which a beneficiary could avoid having to pay this debt. Promoters can contact their CESP promoter support officer for additional information.

8.3.1. Calculating the repayment amount – other circumstances

If the promoter repays the CESG from an RESP for any of the above reasons, the amount to repay is equal to the lesser of:

- the total in the CESG account immediately before the occurrence; and
- the fair market value of the property held in the RESP, immediately before the occurrence.
8.4. Submitting repayment information to the CESP system

The RESP promoter must submit the following transaction to the CESP system to repay the CESG:

- Record type (RT) 400, transaction type (TT) 21 (Grant repayment)

This transaction identifies the repayment reason using one of the following codes:

- 01 Contribution withdrawal
- 02 AIP (accumulated income payment)
- 03 Contract termination
- 04 Ineligible transfer
- 05 Ineligible beneficiary replacement
- 06 Payment to an educational institution
- 07 Revocation (of plan)
- 08 Ceases to meet sibling-only condition
- 09 Deceased (beneficiary)
- 10 Overcontribution withdrawal
- 11 Other

For more detailed information about how transactions are processed between the RESP promoter and the CESP system, see Chapter 1-3: CESP system and interface transaction standards (ITS).
8.5. How funds are used to repay the CESG

The repayment transactions submitted to the CESP system will depend on whether or not there are sufficient funds in the RESP at the time the repayment is required.

8.5.1. When sufficient funds exist in the RESP

If there are sufficient funds in the RESP, the RESP promoter will repay the CESG from the corresponding notional account.

<table>
<thead>
<tr>
<th>Repayment Reason: The CESG will not be used as an EAP by the beneficiary or other eligible beneficiary and the plan is terminated. The RESP individual (non-family) plan looks like this:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESP Market Value</strong></td>
</tr>
<tr>
<td>$26,829</td>
</tr>
<tr>
<td><strong>CESG Repayable:</strong></td>
</tr>
</tbody>
</table>

In this example the RESP promoter would withdraw the funds from the RESP and submit the following repayment transaction to the CESP system:

**RT 400-21(03)** Grant repayment transaction, reason code (03), identifying a contract termination, with $3,600 in the CESG amount field identifying the repayment amount.

If the RESP includes other education savings incentives administered by ESDC, they may also have to be repaid. Refer to the related chapters in **Section 2: Education Savings Incentives**.
8.5.2. When insufficient funds exist in the RESP and the plan is terminated

When the RESP is terminated, all of the CESG and any other education savings incentive must be repaid.

If the RESP has experienced a loss and there are insufficient funds to cover the total amount of the repayable CESG, the RESP promoter must submit a termination adjustment transaction to the CESP system to advise it of the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these notional accounts are depleted, any remaining losses are apportioned equally across the education savings incentive notional accounts in the RESP.

The following example illustrates how the RESP promoter would determine the amount and repayment transactions that must be submitted to the CESP system when only the CESG has been paid into the RESP.

<table>
<thead>
<tr>
<th>Repayment Reason: The RESP is terminated. The RESP individual (non-family) plan looks like this:</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESP market value</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>$1,000</td>
</tr>
</tbody>
</table>

**Note:** Losses in the plan have been applied to the earnings and then to contributions. Therefore, these accounts show a balance of $0.

**Total Incentive (CESG) Repayment:** $1,200

Based on this example, the CESG repayable amount ($1,200) exceeds the market value of the RESP ($1,000). Therefore, the RESP promoter must repay the lesser amount of $1,000.

To account for the difference of $200, the RESP promoter must also send a termination adjustment transaction to inform the CESP system of the shortfall, but only when the RESP is terminated.

The following transactions are used to submit this information:

- RT 400-21(03) Grant repayment transaction with a reason code of (03), identifies a contract termination, and $1,000 in the CESG amount field identifies the repayment amount.

- RT 400-22 Termination Adjustment transaction, identifies $200 as the amount of the shortfall (market value less than CESG paid into the RESP).

Even if the CESG repayment is $0, as a result of losses in RESP earnings, contributions, and the CESG, the two transactions above must still be reported to CESP.

If the RESP includes other education savings incentives administered by ESDC, they may also have to be repaid. Refer to the related chapters in Section 2: Education Savings Incentives.
9. Other transactions involving the CESG

The RESP promoter may also be asked to process other transactions involving the CESG. These include:

- Transferring funds (including the CESG) from one RESP to another.
  
  See Chapter 3-1: RESP transfers and the education savings incentives.

- Responding to a request for an EAP and calculating the grant portion of the EAP.
  
  See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs).
The Government of Canada introduced the Canada Learning Bond (CLB) in 2004 to provide an education savings incentive for children in low-income families, and for children in care. Employment and Social Development Canada (ESDC) is responsible for the administration and delivery of this education savings incentive. Within ESDC, the Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of this education savings incentive.

The purpose of the CLB is to help residents of Canada to plan and save for a child’s post-secondary education expenses by investing in a Registered Education Savings Plan (RESP).

RESP promoters must enter into agreements with ESDC to offer the CLB or any other education savings incentive administered by ESDC.

The CLB consists of:

- an initial CLB payment; and
- subsequent CLB payments.

See Appendix C for a list of acronyms and terms used in this guide.

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2. Eligibility criteria ................................................................... 2 – 3 – 3
3. Applying for the CLB ............................................................. 2 – 3 – 9
4. Receiving and depositing the CLB ........................................ 2 – 3 – 12
5. Repaying the CLB ................................................................. 2 – 3 – 14
6. Other transactions involving the CLB .................................... 2 – 3 – 18
1. The CLB – an overview

The CLB is an education savings incentive for eligible children born on or after January 1, 2004.

- Since July 1, 2017, eligibility for the CLB is based, in part, on the number of qualified children and the adjusted income of the individual primary caregiver (PCG).
- For years prior to July 1, 2016, a child was eligible for the CLB if the individual PCG was in receipt of the National Child Benefit Supplement (NCBS) for that child.
- From July 1, 2016, to June 30, 2017, a child was eligible for the CLB if the individual PCG would have otherwise been in receipt of the NCBS for the child, had it continued to be paid for that period.

or

- A child in care of a public PCG may be eligible for the CLB if the PCG is eligible to receive payments under the Children’s Special Allowances Act (CSAA) for that child.

The CESP system tracks the CLB entitlements for an eligible child as they accumulate until an RESP is designated to receive the CLB for the child.

While an RESP is required to receive the CLB, no contributions are required.

CLB entitlements include:

- an initial CLB payment of $500 for the first year the child is eligible; and
- subsequent CLB payments of $100 for each additional year of eligibility, up to and including the year in which the child turns 15.

While the maximum lifetime CLB limit is $2,000 per beneficiary, the total CLB amount paid into an RESP in respect of a beneficiary depends on the number of years that the beneficiary meets the eligibility criteria.

Children named as an RESP beneficiary can ultimately use the CLB amounts paid to an RESP, on their behalf, to help offset their costs of post-secondary education with educational assistance payments (EAPs).
2. Eligibility criteria

- Is the beneficiary currently a resident of Canada?
- Was the beneficiary born in 2004 or later?
- Does the beneficiary have a valid Social Insurance Number (SIN)?

AND

- For benefit years beginning on July 1, 2017, was the individual PCG’s adjusted income:
  - for PCG’s with up to three qualified children, less than or equal to the lowest income tax threshold; or
  - for PCG’s with more than three qualified children, less than the amounts determined by the formula in the *Canada Education Savings Act*?

- For benefit years prior to July 1, 2016, was the individual PCG in receipt of the NCBS for the child?

- From July 1, 2016, to June 30, 2017, would the individual PCG have been in receipt of the NCBS for the beneficiary if it had continued to be paid for that period?

OR

- Did the public PCG receive payments under the CSAA for a child in care, for at least one month of the benefit year?

*If all of these questions have been answered in the affirmative, the beneficiary may be eligible for the CLB.*

2.1. Information required to request the CLB

The CESP system requires PCG information or, as of January 1, 2018, that of their cohabiting spouse or common-law partner, if applicable, to validate the beneficiary’s eligibility for the CLB with the Canada Revenue Agency (CRA). The RESP promoter submits the CLB request for a beneficiary to the CESP system and the information provided with that request is used to assess the beneficiary’s CLB eligibility at that time.

The CESP system then continues to automatically validate eligibility for a beneficiary’s subsequent CLB entitlements each year using the same information, unless a more recent CLB request with new information has been submitted to the CESP system.

For information about multiple CLB requests for the same beneficiary, see 2.4. Designating an RESP for the CLB payments.
2.1.1. Individual PCG

A person is the individual PCG of a beneficiary if they are eligible to receive the Canada child benefit (CCB) for the beneficiary. A beneficiary could have more than one individual PCG if two people, who do not live together, share custody of the beneficiary. For more information, see 2.5 Shared custody.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. To be eligible to receive the CCB, it is necessary to complete an application form with the CRA.

Budget 2016 announced the creation of the CCB, which replaced the Canada Child Tax Benefit (CCTB), the NCBS and the Universal Child Care Benefit (UCCB).

- Since July 1, 2017, eligibility criteria for the CLB are found within the Canada Education Savings Act. The new eligibility requirements are similar to the NCBS. More specifically, the new eligibility requirements are also based, in part, on the number of qualified children and the adjusted income of the individual PCG.
- For the 2016-17 benefit year, eligibility for the CLB was based on whether the individual PCG would have been in receipt of the NCBS for the child, had it continued to be paid for that period.
- Until June 2016, the CLB was payable for a beneficiary in respect of whom the NCBS was payable. The NCBS was based, in part, on the number of qualified children and the adjusted income of the individual PCG. With the introduction of the CCB, an amendment to the eligibility criteria for the CLB was required.

An individual PCG or, as of 2018, their cohabiting spouse or common-law partner, if applicable, must provide their name and SIN on the CESP application form to request the CLB. The following information is then used to validate a beneficiary’s eligibility for the CLB:

- the adjusted income of the beneficiary’s individual PCG
- the number of qualified children associated with the PCG

The CRA calculates an individual PCG’s adjusted income using, in part, the net income reported on line 236 of tax returns filed by the individual PCG, and that of their cohabiting spouse or common-law partner, if applicable. For more information about the CCB, the CCTB, or the NCBS, call the CRA at 1-800-387-1193 or visit the following CRA Web site: https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview.html.
2.1.2. Public PCG

A payment under the *Children’s Special Allowances Act* (CSAA) is a tax-free monthly payment for a child who is under the age of 18, who physically resides in Canada, and who is under the care of an organization.

An organization is the public PCG of a beneficiary if it is entitled to receive payments for the beneficiary under the CSAA.

Children in care of public PCG may be eligible for the CLB. A public PCG must provide their business number (BN) on the CESP application form to request the CLB in respect of a beneficiary.

2.2. Types of RESPs and the CLB

To receive the initial and subsequent CLB payments for eligible beneficiaries, the RESP must be:

- an individual (non-family) plan; or
- a family plan in which all beneficiaries are siblings.

2.3. CLB entitlements, earnings, and the RESP

No interest will be paid on the CLB entitlements that have not been paid into an RESP by the Government of Canada.

Therefore, subscribers are encouraged to complete the necessary steps, such as opening an RESP and applying for the CLB for the beneficiary. Once paid into an RESP, the CLB and any other savings contributed to the RESP will likely grow over time and accumulate earnings.

<table>
<thead>
<tr>
<th>CLB timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Child’s birth to age 18</strong>: The subscriber opens an RESP in the beneficiary’s name. The PCG (or an individual PCG’s cohabiting spouse or common-law partner, if applicable) must designate the RESP that will receive the CLB payments.</td>
</tr>
<tr>
<td><strong>Age 18 – 21</strong>: The beneficiary can open their own RESP in order to request the CLB entitlement that they have not received.</td>
</tr>
<tr>
<td><strong>Age 21 or older</strong>: In most cases, any unclaimed CLB amounts which have not been paid into an RESP are forfeited.</td>
</tr>
</tbody>
</table>
2.4. Designating an RESP for the CLB payments

The beneficiary’s PCG or, as of 2018, an individual PCG’s cohabiting spouse or common-law partner, if applicable, must designate the RESP to receive, in trust, the CLB payments for the beneficiary. This is accomplished by completing the CESP application form. See Appendix A: Application Form – Education Savings Incentives

Only one RESP can be designated to receive the CLB payments at any given time for a beneficiary. However, the PCG (or the individual PCG’s cohabiting spouse or common-law partner, if applicable) can select a different RESP into which future CLB payments will be deposited by completing a new CESP application form for the beneficiary.

When a different RESP is designated to receive the CLB payments for a beneficiary, the previous RESP becomes inactive for any future CLB payments of that beneficiary. However, any CLB amounts paid for the beneficiary into the previous RESP would remain in that RESP.

To request the CLB for a beneficiary and designate an RESP to receive the corresponding future CLB payments in respect of that beneficiary, RESP promoters must submit an electronic transaction (400-24) to the CESP system. This transaction must include the required information for the PCG (or the individual PCG’s cohabiting spouse or common-law partner, if applicable) which must be provided on the CESP application form. The CESP system uses information provided in the most recent CLB request to validate a beneficiary’s eligibility for the CLB in the designated RESP each year.

2.4.1. Stopping future CLB payments after terminating an RESP

If an RESP is terminated, the RESP promoter must ensure that future CLB payments to that RESP have been stopped.

Promoters will stop CLB payments for a particular beneficiary in an RESP by submitting a CLB request transaction (400-24) for the beneficiary with the “grant requested” field set to “0” (No). This transaction must be submitted for each beneficiary for whom there is an active CLB request in the terminated RESP.

For additional information, see Chapter 1-3: CESP system and Interface Transaction Standards (ITS).
2.5. Shared custody

If a beneficiary is cared for by an individual PCG and their cohabiting spouse or common-law partner, only one person would be eligible to receive the CCB for that beneficiary at any given time.

However, if two individuals do not live together, but care for and share the custody of the beneficiary, they may share the CCB payments in respect of the beneficiary. In these situations, they may both be an individual PCG of the beneficiary at the same time.

**Example**

Robert and Sarah decided to live separately but agreed to share custody of their child, Natasha. As both Robert and Sarah applied for and receive their share of Natasha’s CCB payments, they are both an individual PCG in respect of Natasha.

Robert opened an individual RESP for Natasha on March 7, 2017, and Sarah also opened an RESP for Natasha on May 10, 2018. Both Robert and Natasha requested the CLB to be paid into their RESPs and provided the required information on the CESP application form when they opened their RESPs.

<table>
<thead>
<tr>
<th>RESP for Natasha</th>
<th>Individual PCG recognized by the CRA for Natasha</th>
<th>Individual PCG named in the CLB request</th>
<th>Transaction date of the CLB request</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESP A</td>
<td>Robert and Sarah</td>
<td>Robert</td>
<td>March 7, 2017</td>
</tr>
<tr>
<td>RESP B</td>
<td>Robert and Sarah</td>
<td>Sarah</td>
<td>May 10, 2018</td>
</tr>
</tbody>
</table>

In this example, eligibility for Natasha’s accumulated CLB entitlements would have been validated for the CLB request on March 7, 2017, using Robert’s information as Natasha’s individual PCG. RESP “A” would have been the designated RESP for Natasha’s CLB payments at that time.

When Natasha’s CLB request for RESP “B” was submitted to the CESP system on May 10, 2018, RESP “B” became the active RESP for Natasha’s CLB payments after that date. This new CLB request also made RESP “A” inactive for Natasha’s CLB payments as of that date.

Eligibility for Natasha’s CLB payment into RESP “B” in 2018 (normally in July) would be validated using Sarah’s information as the individual PCG. If the CESP system does not receive any new CLB requests for Natasha, RESP “B” would remain the active RESP for Natasha’s CLB payments and would receive these payments if Sarah satisfies the CLB eligibility requirements.
2.6. Tracking CLB entitlements for an eligible beneficiary

ESDC and the CRA share information to confirm a beneficiary’s eligibility for the CLB. ESDC tracks the amount of accumulated CLB entitlements for the child until an RESP is opened and the child is named as a beneficiary. The CLB entitlements only accumulate during the years in which the PCG satisfies the CLB eligibility criteria. See 2. Eligibility criteria.

The following chart illustrates how the CLB entitlements are tracked for an eligible child and ultimately paid once a subscriber opens an RESP for them and requests the CLB. During the application process, the beneficiary’s PCG (or, as of 2018, the PCG’s cohabiting spouse or common-law partner, if applicable) must designate the RESP into which the CLB entitlements will be paid. In this example, the beneficiary was born in 2007 but the RESP was not opened until 2016.

<table>
<thead>
<tr>
<th>Year</th>
<th>Eligible for initial or subsequent CLB</th>
<th>Amount of the CLB entitlement</th>
<th>Amount of the CLB paid into RESP</th>
<th>Amount of accumulated CLB entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Initial CLB</td>
<td>$500</td>
<td>$0</td>
<td>$500</td>
</tr>
<tr>
<td>2008</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$600</td>
</tr>
<tr>
<td>2009</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$700</td>
</tr>
<tr>
<td>2010</td>
<td>Not eligible</td>
<td>$0</td>
<td>$0</td>
<td>$700</td>
</tr>
<tr>
<td>2011</td>
<td>Not eligible</td>
<td>$0</td>
<td>$0</td>
<td>$700</td>
</tr>
<tr>
<td>2012</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$800</td>
</tr>
<tr>
<td>2013</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$900</td>
</tr>
<tr>
<td>2014</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$1,000</td>
</tr>
<tr>
<td>2015</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$0</td>
<td>$1,100</td>
</tr>
<tr>
<td>2016</td>
<td>RESP is opened and the CLB is requested</td>
<td>$0</td>
<td>$1,100</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Eligible for initial or subsequent CLB</th>
<th>Amount of the CLB entitlement</th>
<th>Amount of the CLB paid into RESP</th>
<th>Amount of accumulated CLB entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Not eligible</td>
<td>$0</td>
<td>$1,100</td>
<td>$0</td>
</tr>
<tr>
<td>2017</td>
<td>Not eligible</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2018</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$100</td>
<td>$0</td>
</tr>
<tr>
<td>2019</td>
<td>Subsequent CLB</td>
<td>$100</td>
<td>$100</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$1,300</td>
<td></td>
</tr>
</tbody>
</table>
3. Applying for the CLB

The following illustration provides an overview of the CLB application process.

3.1. The application process – the CLB

Who is involved

The application process for the CLB includes the participation of the following:

- the RESP promoter
- the subscriber(s)
- a custodial parent or legal guardian
- the PCG or their cohabiting spouse or common-law partner, if applicable

Note: The RESP promoter must be authorized to offer the CLB.
Chapter 2-2: The Canada Learning Bond (CLB)

The following provides a step-by-step overview of the application process:

**Subscriber:**
1. The subscriber approaches an RESP promoter authorized to offer the CLB with the intent of opening and registering an ESP and naming a beneficiary.

**RESP promoter:**
2. The promoter establishes the ESP, making sure to obtain the SINs for:
   - the subscriber; and
   - the beneficiary.

   **Note:** To receive the CLB, the plan must be an individual (non-family) plan or a family plan in which all beneficiaries are siblings.

3. The promoter reviews the eligibility criteria with the subscriber to determine whether the beneficiary is eligible for the CLB. See 2. Eligibility Criteria.

4. The promoter ensures that the CESP application form is completed and obtains the necessary signatures.

**Opening and registering the ESP**

The RESP promoter will notify the parent or legal guardian that an ESP has been opened for the beneficiary within 90 days of establishing the plan. The CESP system is responsible for communicating to the CRA the request to register the ESP. Once the plan has been registered, the CRA will notify the RESP promoter directly. For more information, see Chapter 1-4 Registered Education Savings Plans (RESPs), 2. Establishing the RESP.

**Individual PCG**

If applying for the CLB for a beneficiary in the care of an individual PCG, make sure to obtain the SIN of the PCG or their cohabiting spouse or common-law partner, if applicable.

The individual PCG is the person eligible to receive the CCB.

**Public PCG**

If applying for the CLB for a beneficiary in the care of a public PCG, make sure to obtain the PCG’s business number (BN).

The public PCG could be a department, agency, or institution that receives a payment for the child under the CSAA.

To view detailed instructions for completing these form(s), see Appendix A: Application form – education savings incentives.

**Accurate information ensures payment of the CLB**

When completing the application form, it is important to verify the accuracy of the information. The information on the application form is used to electronically submit the request to the CESP system. Inaccurate information will result in the transaction being rejected, delaying the payment of the CLB. For more information, see Chapter 1–3: The CESP system and Interface Transaction Standards (ITS).
5. The promoter processes the CESP application form according to established procedures.

Use the following post-application checklist to provide the subscriber with some helpful reminders.

### 3.2. Post–application checklist

- Confirm all information has been accurately recorded onto the CESP application form.
- Remind the subscriber that the CLB is child-specific and that the CLB cannot be shared with other beneficiaries in the plan.
- If the subscriber is not the beneficiary’s parent or legal guardian, advise the subscriber that the RESP promoter must notify the parent or legal guardian within 90 days that an ESP has been opened.
- Advise subscribers that they will be notified by the RESP promoter when payment of the CLB is received and deposited into the RESP.
4. Receiving and depositing the CLB

Once RESP promoters receive a CLB payment from ESDC, they are responsible for:

- depositing the payment into the appropriate RESP; and
- accounting for the payment in the beneficiary’s CLB notional account.

4.1. Sharing the CLB and earnings – family and group plans

The CLB is an incentive that is directed to a specific eligible beneficiary. As such, there are restrictions on the sharing of the CLB and associated earnings in the RESP.

The CLB and earnings can be used in an EAP by the eligible beneficiary of the RESP, as long as the beneficiary meets the requirements for the EAP.

The following table identifies that beneficiaries cannot share the CLB but the situation can be different with the earnings.

<table>
<thead>
<tr>
<th>Family plans *</th>
<th>Group plans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLB</strong></td>
<td>The CLB cannot be shared; it is directed to a specific eligible beneficiary.</td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
<td>The beneficiary’s sibling(s) can share earnings if they are named as beneficiaries of the family plan.</td>
</tr>
</tbody>
</table>

* For the plan to have received the CLB amounts, all of the beneficiaries of a family plan had to have been siblings.

4.2. Reasons for non-payment of the CLB

To ensure that RESPs receive all of the CLB payments in respect of eligible beneficiaries, the RESP promoter must ensure that:

- the application form is completed accurately; and
- submit the information collected on this form, along with other required information, to the CESP system via an electronic transaction. This transaction must pass the required validation for the formatting and business rules specified in the CESP Interface Transaction Standards.

The CESP system acknowledges a successfully processed CLB request by sending the RESP promoter a record in their monthly transaction processing report. This record will include the amount of the CLB that will be paid.

There may be situations in which the CLB will not be paid for specific CLB requests and the CESP system will send reports to the RESP promoter if:

- a request for the CLB is rejected; or
- a request for the CLB is refused.
For more information about the information exchanged between the RESP promoters and the CESP system, see Chapter 1-3: CESP system and Interface Transaction Standards (ITS).

4.2.1. When requests for the CLB are rejected with an error code

If a request for the CLB contains an error (e.g. the electronic transaction has an error in formatting) it will be rejected by the CESP system with an error code. The CESP system generates monthly error reports and RESP promoters are responsible for making the necessary corrections for these rejected transactions.

For more information about error codes, refer to Appendix E, Understanding error codes.

4.2.2. When requests for the CLB are processed with a refusal reason

Payment may be refused for successfully processed CLB requests if one or more of the CLB business rules are not satisfied.

The CESP system informs RESP promoters when a CLB request has been successfully processed with a refusal reason in their monthly transaction processing report.

For more information about refusal reasons, refer to the Appendix F, Understanding refusal reasons.
5. Repaying the CLB

Certain circumstances require a repayment of the CLB.

5.1. Repayment process

The RESP promoter must:

1. recognize and identify circumstances that require a CLB repayment;
2. determine the CLB amount to be repaid; and
3. submit the required financial transaction(s) to the CESP system, indicating the repayment amount and the reason for repayment.

See 5.4 Submitting Repayment Information to CESP.

5.2. Repayment circumstances

The RESP promoter must repay the CLB in an RESP under the following circumstances:

- The RESP is terminated.
- The registration for the RESP is revoked.
- An accumulated income payment (AIP) is made.
- A payment to a designated educational institution is made.
- An EAP is made to an individual who is not a beneficiary of the RESP.
- An ineligible transfer occurs.
- An ineligible beneficiary replacement occurs.
- A beneficiary who is not a sibling is added to a sibling-only RESP into which the CLB has been paid.
- The beneficiary, for whom the CLB was paid into the RESP, ceases to be a beneficiary of the RESP (e.g. deceased).

Promoters initiate a CLB repayment from an RESP by submitting a transaction to the CESP system, indicating the amount of the CLB to repay and the repayment reason. The CESP system makes monthly direct deposits for each promoter, which includes all incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. All repayment amounts for the previous month are subtracted from the amount that would normally be paid to promoters in their next direct deposit. See also 5.4. Submitting repayment information to CESP.

Beneficiaries may also be asked to return the CLB amounts paid in EAPs

If it is determined that they were not entitled to receive the CLB amounts in some of their EAPs, beneficiaries may receive a Notice of Debt for these amounts, with repayment instructions.

Promoters would not submit transactions to the CESP system in these cases because the beneficiaries pay this debt directly to the Government of Canada. However, there may be situations in which a beneficiary could avoid having to pay this debt. Promoters can contact their CESP promoter support officer for additional information.
5.3. Determining the repayment amount

If the promoter repays the CLB from an RESP for any of the reasons identified in 5.2 Repayment circumstances (except when a beneficiary ceases to be a beneficiary), the amount to repay is equal to the lesser of:

- the balance of all CLB notional account(s) for the RESP beneficiaries immediately before the occurrence; and
- the fair market value of the property held in the RESP, immediately before the occurrence.

When a beneficiary ceases to be a beneficiary

When a beneficiary, for whom the CLB was paid into the RESP, ceases to be a beneficiary of the RESP, the CLB amount to repay is equal to the lesser of:

- the balance of the beneficiary's CLB notional account immediately before the beneficiary ceases to be a beneficiary; and
- the fair market value, immediately before the beneficiary ceases to be a beneficiary, of the property held in connection with the RESP, less the total of the balances of the CLB notional accounts in the RESP for all other beneficiaries.

Consequences of repaying the CLB

The repayment of the CLB does not result in a loss of CLB entitlements for the beneficiary. If another RESP is designated for the beneficiary's CLB payments at a later date, the repaid entitlements may be deposited into that RESP. While a beneficiary's lifetime CLB entitlement is not affected by a CLB repayment, this does not apply to the CLB amounts that are reclaimed due to a CRA re-assessment.

5.4. Submitting repayment information to CESP system

The RESP promoter must submit the following transaction to the CESP system to repay the CLB:

- Record type 400, transaction type 21 (grant repayment)

This transaction identifies the repayment reason using one of the following codes:

- 02 AIP (accumulated income payment)
- 03 Contract termination
- 04 Ineligible transfer
- 05 Ineligible beneficiary replacement
- 06 Payment to an educational institution
- 07 Revocation (of plan)
- 08 Ceases to meet sibling-only condition
- 09 Deceased (beneficiary)
- 11 Other

Note: Repayment reasons 01 and 10 do not apply to the CLB.

For more detailed information about transactions and how they are processed between the RESP promoter and the CESP System, see Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).
5.5. How funds are used to repay the CLB

The repayment transactions submitted to the CESP system will depend on whether or not there are sufficient funds in the RESP at the time repayment is required.

5.5.1. When sufficient funds exist in the RESP

If there are sufficient funds in the RESP, the RESP promoter will repay the CLB and any other incentives from the corresponding notional account(s).

Example ...

<table>
<thead>
<tr>
<th>Repayment reason: The CLB will not be used as an EAP by the beneficiary and the plan is terminated. The RESP individual (non-family) plan looks like this:</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESP market value</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>$27,275</td>
</tr>
<tr>
<td>CLB repayable:</td>
</tr>
<tr>
<td>CESG repayable:</td>
</tr>
</tbody>
</table>

In this example, the RESP promoter would withdraw the funds from the RESP and submit the following repayment transaction to CESP:

400-21 (03)  CLB repayment transaction with a reason code of (03), contract termination, with **$300** in the CLB amount field and **$3,600** in the CESG amount field

Note: The CESG must also be repaid because the plan is being terminated.

5.5.2. When insufficient funds exist in the RESP and the plan is terminated

When an RESP is terminated, the balance of all CLB notional accounts in the RESP must be repaid.

If the RESP has experienced a loss and there are insufficient funds to cover the total amount of the CLB (or other education savings incentives) repayable, the RESP promoter must submit a termination adjustment transaction to the CESP system to advise them of the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these notional accounts are depleted, any remaining losses are apportioned equally across the education savings incentive notional accounts in the RESP.
The following example illustrates how the RESP promoter will determine the amount and repayment transaction that must be submitted to the CESP system when the CLB and the CESG have been paid into the RESP.

**Example** ...

**Repayment reason:** The RESP is terminated. The RESP individual (non-family) plan looks like this:

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>CLB</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500</td>
<td>$0</td>
<td>$0</td>
<td>$800</td>
<td>$1,200</td>
</tr>
</tbody>
</table>

**Note:** Losses in the plan have been applied to the earnings and then to the contributions. Therefore, these accounts show a balance of $0.

CLB repayable: $800
CESG repayable: $1,200
Total repayable: $2,000

Based on this example, the total amount repayable ($2,000) exceeds the market value of the RESP ($1,500). Therefore, the following calculations are required:

1. Determine the remaining amount of incentives in the RESP:
   
   \[
   \text{CLB} + \text{CESG} = 800 + 1200 = 2000
   \]

2. Determine the percentage represented by each incentive amount in the RESP:
   
   \[
   \frac{\text{CLB}}{\text{Total value of incentives}} = \frac{800}{2000} = 40\
   \frac{\text{CESG}}{\text{Total value of incentives}} = \frac{1200}{2000} = 60
   \]

3. Apply these percentages to the RESP market value of $1,500:
   
   \[
   \text{Market value} \times \% \text{ of CLB} = \text{CLB repayable} \\
   1500 \times 40\% = 600
   \]

   \[
   \text{Market value} \times \% \text{ of CESG} = \text{CESG repayable} \\
   1500 \times 60\% = 900
   \]

The following transaction is used to submit repayment information:

**400-21 (03)**  
CLB repayment transaction with a reason code of (03), contract termination, with $600 in the CLB amount field and $900 in the CESG amount field.
Next, it will be necessary to determine the shortfall and submit the appropriate termination adjustment transaction to the CESP system.

To determine the shortfall:

**Total value of incentives – repayment amount = adjustment**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CLB</td>
<td>$800</td>
<td>$600</td>
<td>$200</td>
</tr>
<tr>
<td>CESG</td>
<td>$1,200</td>
<td>$900</td>
<td>$300</td>
</tr>
</tbody>
</table>

To account for the difference of $500, the RESP promoter must also send a termination adjustment transaction to inform the CESP system of the shortfall, **but only when the RESP is terminated**.

The following transaction is used to submit this information:

400-22 *Termination adjustment transaction*, identifying:

- $200 as the amount of the shortfall applied to the CLB.
- $300 as the amount of the shortfall applied to the CESG.

*Even if the CLB repayment is $0, as a result of losses in RESP earnings, contributions, and incentives, the repayment transaction must still be reported to the CESP.*

### 6. Other transactions involving the CLB

The RESP promoter may also be asked to handle other transactions involving the CLB. These include:

- Transferring funds (including the CLB) from one RESP to another.
  
  See Chapter 3-1: RESP transfers and the education savings incentives.

- Responding to a request for an EAP and calculating the CLB portion of the EAP.
  
  See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs).
CHAPTER 2-3

British Columbia Training and Education Savings Grant (BCTESG)

The Government of British Columbia announced the British Columbia Training and Education Savings Grant (BCTESG) in 2013.

Employment and Social Development Canada (ESDC) has partnered with the Government of British Columbia to administer this provincial education savings incentive.

Registered Education Savings Plan (RESP) promoters must be authorized by ESDC to offer the BCTESG or any other education savings incentive administered by ESDC.

See Appendix C for a list of acronyms and terms used in this guide.

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2. Eligibility criteria ................................................................. 2 – 6 – 3
3. BCTESG amounts ................................................................. 2 – 6 – 7
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Chapter 2-3: British Columbia Training and Education Savings Grant (BCTESG)

BCTESG – an overview

BCTESG is an education savings incentive that is paid:

- by the Government of British Columbia;
- from a designated provincial program administered by ESDC;
- into an RESP;
- for children born on or after January 1, 2006; and
- for children who are residents in British Columbia (with a custodial parent or a legal guardian who is also a resident) at the time of the BCTESG application.

BCTESG is a $1,200 one-time grant per eligible beneficiary. When an eligible child turns six years old, the subscriber may be able to apply for the grant.

1.1. How it works

BCTESG payment is based on the following requirements:

- **An RESP**: A subscriber must meet with a participating promoter, open an RESP and name an eligible beneficiary (ies). See Chapter 1-4: Registered Education Savings Plans.

  To be eligible to receive the BCTESG, the RESP must be an individual (non-family) plan or a family plan in which all beneficiaries are siblings.

  **Note**: A contribution to the RESP is not required to receive the BCTESG.

- **Eligibility criteria**: The subscriber and participating promoter review the BCTESG eligibility criteria. See 2. Eligibility criteria.

- **Application process**: The subscriber asks the promoter to apply for BCTESG for the beneficiary. See 4. Applying for the BCTESG.

- **Educational assistance payments (EAPs)**: When the beneficiary is enrolled in a post-secondary education program, the subscriber can request an EAP, which is paid from the earnings and education savings incentives (including BCTESG) in the RESP. See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs).
2. Eligibility criteria

Consider the following criteria to determine if a beneficiary is eligible for BCTESG payment:

- Does the promoter offer BCTESG?
- Has the subscriber established an RESP and named the beneficiary?
- Does the beneficiary have a valid Social Insurance Number (SIN)?
- Is the RESP either an individual RESP or a family RESP in which each beneficiary is a sibling\(^1\) of every other?
- Were the custodial parent or the legal guardian and the beneficiary ordinarily resident in British Columbia when the BCTESG application was made?
- Was the beneficiary born on or after January 1, 2006?
- Did the subscriber request the BCTESG (via the RESP promoter) on or after August 15, 2015?

If you can answer “Yes” to all of these questions, the beneficiary may be eligible for the BCTESG.

\(^1\) As per the *British Columbia Training and Education Savings Program Regulation*, “sibling” means a sibling, half-sibling or step-sibling.
2.1. Age limits and application for the BCTESG

Subscribers have a three year window to apply for the BCTESG.

For children born in 2010 or later, a BCTESG application must be completed:

- on or after their 6th birthday, but before their 9th birthday.

The table below illustrates a transition period for children born in 2006, 2007, 2008 and 2009 in order to have the full three years to apply for the BCTESG. The subscriber must complete a BCTESG application within the appropriate three year period.

**Note:** The commencement date for the BCTESG was August 15, 2015. This was therefore the first day to apply for the BCTESG.

<table>
<thead>
<tr>
<th>Birth Year</th>
<th>1st day to apply</th>
<th>Last day to apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>August 15, 2016</td>
<td>August 14, 2019</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>August 15, 2015</td>
<td>August 14, 2018</td>
</tr>
<tr>
<td>2009 (before August 15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009 (on August 15 or later)</td>
<td>The day the beneficiary turns 6</td>
<td>The day before the beneficiary turns 9</td>
</tr>
<tr>
<td>2010 or later</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For example…


The first day to apply for the BCTESG is August 15, 2015, (beneficiary is 7 years old) and the last day to apply is August 14, 2018, (beneficiary is 10 years old).

For example…

A beneficiary born on April 12, 2009, is eligible for the BCTESG from April 12, 2015, at age 6.

The first day to apply for the BCTESG is August 15, 2015, (beneficiary is 6 years old) and the last day to apply is August 14, 2018, (beneficiary is 9 years old).

For example…

A beneficiary born on October 31, 2009, is eligible for the BCTESG from October 31, 2015, at age 6.

The first day to apply for the BCTESG is October 31, 2015, (the beneficiary’s 6th birthday) and the last day to apply is October 30, 2018, (the day before the beneficiary's 9th birthday).

For example…

A beneficiary born on December 5, 2012, is eligible for the BCTESG from December 5, 2018, at age 6.

The first day to apply for the BCTESG is December 5, 2018, (the beneficiary’s 6th birthday) and the last day to apply is December 4, 2021, (day before the beneficiary’s 9th birthday).
2.2. BCTESG and residency requirements

The custodial parent or the legal guardian and the beneficiary must be ordinarily resident in British Columbia at the time of the application to be eligible for the BCTESG.

Proof of residency must be shown to the RESP promoter at the time of application. At least one of the following documents must be presented:

- a valid British Columbia driver’s license
- a British Columbia Identification Card with a picture
- a British Columbia Services Card (new BC CareCard and driver’s license will be fully implemented in 2018)
- a British Columbia utilities bill (dated within the last 3 months and listing the current address of the custodial parent or the legal guardian). A utilities bill can be any one of: electricity, gas, phone, cable, water or garbage bills.

For more information in completing the required application form(s), see the Appendix A: Application forms – education savings incentives on Canada.ca/RESPresources.

<table>
<thead>
<tr>
<th>Eligibility and residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the BCTESG has been paid into an RESP and the custodial parent or the legal guardian and the beneficiary leave British Columbia at a later date, the BCTESG remains in the RESP.</td>
</tr>
</tbody>
</table>
3. BCTESG amounts

The BCTESG amount is $1,200 per beneficiary.

3.1. BCTESG amounts in EAPs

Each beneficiary can attract only one $1,200 BCTESG payment to one RESP. Once an RESP has received this payment in respect of a particular beneficiary, no other RESP can receive a BCTESG payment for the same beneficiary. For more information, see 5.1. Multiple RESPs – multiple requests for the same BCTESG beneficiary.

However, every beneficiary named in a family RESP has access to the full BCTESG amount in the plan, even if some BCTESG amounts paid (or transferred) into the plan were originally paid in respect of other siblings. Consequently, beneficiaries may receive more than $1,200 of accumulated BCTESG amounts in their EAPs throughout their post-secondary studies. See also 5.2 Sharing the BCTESG and earnings.

Example – sharing BCTESG in EAPs

Laura is named in the following RESPs:

- Family RESP with Promoter A (siblings only)
- Individual RESP with Promoter B

Laura is not limited in the amount of BCTESG she can receive in EAPs throughout her post-secondary studies. She can even use BCTESG amounts that were originally paid into the family RESP in respect of her siblings.
4. Applying for the BCTESG

4.1. The application process

Who is involved?
The following key players participate in the BCTESG application process:
- participating promoter
- subscriber (s)
- custodial parent or legal guardian

The promoter facilitates the BCTESG applications by:
- establishing and requesting registration of the education savings plans (ESPs) initiated by subscribers;
- helping subscribers identify incentives for which beneficiaries qualify by providing and explaining eligibility criteria; and
- assisting subscribers in completing the BCTESG application form.

Note: The promoter must be authorized to offer the BCTESG.

The following steps are required to receive a BCTESG payment in an RESP.

1. Subscriber: The subscriber approaches a promoter authorized to offer the BCTESG to open and register an ESP and name a beneficiary.

2. Promoter: The promoter obtains the Social Insurance Numbers (SINs) for the subscriber and the beneficiary and establishes the ESP.

Opening and registering the ESP
The promoter must notify the custodial parent or the legal guardian, within 90 days of establishing the plan, that an ESP has been opened for the beneficiary. The CESP is responsible for communicating requests to register ESPs to the Canada Revenue Agency (CRA). CRA notifies promoters directly once plans have been registered. For more information, see Chapter 1-4: Registered Education Savings Plans.

3. Promoter: The promoter reviews eligibility criteria with the subscriber to identify whether the beneficiary may be eligible for the BCTESG. See 2. Eligibility criteria.

4. Promoter: The promoter completes the BCTESG application form with the subscriber and obtains the necessary information and signatures.

Accurate information prevents delays in the BCTESG payment
When completing the BCTESG application form, it is important to verify the accuracy of the information. Information on the application form is used to electronically submit BCTESG requests to the CESP. Inaccurate information will result in the transaction being returned and will delay the BCTESG payment. For more information, see Chapter 1–3: The CESP system and Interface Transaction Standards.
5. **Promoter:** The promoter ensures that the application for the BCTESG is submitted within the specified time period. For more information, see 2.1. **Age limits and application for the BCTESG** and 5.4. **Time constraints.**

6. **Promoter:** The promoter processes the application form according to established procedures.

<table>
<thead>
<tr>
<th>What happens to information collected on the application form?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The information is entered into the promoter's information system and then transmitted electronically to the CESP system to request registration of the ESP and to request the BCTESG payment. See <strong>Chapter 1-3: The CESP System and Interface Transaction Standards.</strong></td>
</tr>
</tbody>
</table>

Promoters can also use the optional 4.2 **Post-application checklist** to provide subscribers with helpful reminders.
4.2. Post-application checklist

☐ Confirm that all information has been accurately recorded onto the BCTESG application form.

Accurate information ensures the timely payment of BCTESG. Inaccurate information may delay payment.

☐ Remind subscribers that the CESP may receive multiple BCTESG requests in respect of the beneficiary because multiple RESPs can be established for a beneficiary.

If the CESP receives two (or more) BCTESG requests for the same beneficiary, BCTESG will be paid to the first request submitted and successfully processed by the CESP system.

For more information, see 5.1. Multiple RESPs – multiple requests for the same BCTESG beneficiary.

☐ If a subscriber is not the beneficiary’s custodial parent or legal guardian, advise the subscriber that the promoter must notify the custodial parent or the legal guardian within 90 days that an ESP has been established.

☐ Advise subscribers that they will be notified by the promoter once the ESP has been registered with CRA.

☐ Advise subscribers that they will be notified of the BCTESG payment by the promoter.

4.3. Requesting BCTESG payment

To request a BCTESG payment, promoters must submit a BCTESG request record (RT 411-40).

For more information, see the CESP Interface Transaction Standards on the Systems Documentation tab of the webpage Canada.ca/RESPresources.

**Submitting a correction to the CESP system**

To submit a correction to a BCTESG request transaction (411-40), the promoter must first submit a Cancel BCTESG Request transaction (411-41) followed by a transaction with the corrected information. Cancellations indicate that the original transaction did not occur as reported.
5. Receiving and depositing the BCTESG

The CESP system sends a record (RT 911) in the monthly Transaction Processing Report sent to each promoter, to acknowledge the successful processing of each BCTESG request. This report indicates:

- the BCTESG amount paid on successful requests; and
- refusal reasons if the BCTESG amount is not paid

For more information see 5.3 Reasons for non-payment of the BCTESG.

Once the CESP sends the BCTESG payment to promoters, they must:

1. deposit each BCTESG payment into the appropriate RESP account in respect of the beneficiary;
2. track and manage all RESP transactions using various RESP accounts;
3. update the BCTESG account for each BCTESG payment made to an RESP; and
4. notify the subscriber (via account statements) about all BCTESG amounts deposited into the RESP.

5.1. Multiple RESPs – multiple requests for the same BCTESG beneficiary

Since a child can be a beneficiary of more than one RESP, the CESP system responds to BCTESG requests on a first-come, first-served basis.

Multiple BCTESG requests for the same beneficiary

There can be more than one RESP established for a beneficiary. Therefore, the CESP may receive more than one BCTESG request for the same beneficiary.

If two (or more) requests for the same BCTESG are submitted for the same beneficiary, the BCTESG will be paid to the first request submitted and successfully processed by the CESP system.

Example - multiple requests for the same beneficiary

Laura is named in two Individual RESPs. One RESP is with Promoter A and the other is with Promoter B. BCTESG had not been paid for Laura in any RESP before the following transactions were submitted for processing in September 2015.

<table>
<thead>
<tr>
<th>Promoter A</th>
<th>Promoter B</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG request</td>
<td>BCTESG request</td>
</tr>
</tbody>
</table>
As both BCTESG requests were processed for the same beneficiary in the same processing month, the CESP system will process the BCTESG request with the earliest transaction date first. Therefore, in this example the BCTESG request from Promoter A will be processed before the BCTESG request from Promoter B.

Promoter A would receive the $1,200 BCTESG payment.

As the BCTESG amount ($1,200) was not paid, Promoter B will receive a refusal reason E Lifetime Limit exceeded for this BCTESG request in their Transaction Processing Report.

5.2. Sharing the BCTESG and earnings

Although the maximum amount of BCTESG that may be paid for a beneficiary is $1,200, there is no limit to the amount of BCTESG that can be used by any one beneficiary.

All beneficiaries named in an RESP can share the BCTESG and the associated earnings in EAPs if they satisfy EAP eligibility criteria. See also 3.1 BCTESG amounts in EAPs.

5.2.1. Family RESPs

All BCTESG payments to a family RESP are pooled together in one BCTESG account. If a beneficiary named in a family RESP (siblings only) is eligible to receive an EAP, this BCTESG account is available to that beneficiary. Furthermore, any earnings generated by BCTESG (as well as earnings generated by any other component of the RESP) can also be shared in an EAP for any eligible beneficiary named in the RESP.
5.3. Reasons for non-payment of the BCTESG

To ensure the timely payment of BCTESG into RESPs in respect of eligible beneficiaries, the promoter must:

- help subscribers to accurately complete the BCTESG application form; and
- submit information collected on the form, along with other required data, to the CESP via electronic transactions. These transactions must pass all formatting and business rule validations according to the CESP Interface Transaction Standards.

For more information about the types of transactions and reports exchanged between promoters and the CESP, see Chapter 1-3: The CESP system and Interface Transaction Standards.

5.3.1. When transactions are rejected

The CESP system rejects promoter transactions that contain errors and generates corresponding error codes in a monthly Transaction Error Report (RT 800). These reports are sent electronically to each promoter’s head office. Promoters are responsible for correcting any errors and resubmitting corrected transactions to the CESP.

Transaction Error Reports identify BCTESG requests that were rejected due to either missing information or a failure to pass formatting and business rules.

For more information, see Appendix E: Understanding error codes.

5.3.2. When payments are refused

The CESP system sends a monthly Transaction Processing Report to each promoter’s head office. This report acknowledges receipt of all processed transactions, including processed BCTESG requests (RT 911). While this report would indicate the amounts paid for all successful BCTESG requests, it would also identify any BCTESG requests for which the $1,200 BCTESG payment was refused.

The CESP system refuses BCTESG requests if they do not comply with business rules. For example, once the $1,200 BCTESG amount has been paid in respect of a particular beneficiary, any additional BCTESG requests for the beneficiary would be processed, but the corresponding BCTESG payment would be refused. See also 3. BCTESG amounts.

For more information, see Appendix F: Understanding refusal reasons.
5.4. Time constraints

BCTESG requests may be refused due to time constraints and receive one of the following refusal reasons:

- Refusal Reason 3 (Age of Beneficiary)
- Refusal Reason D (Late Transaction)

The CESP system uses the BCTESG request (RT 411-40) transaction date to generate these refusal reasons. Promoters must use the date on which the subscriber requested BCTESG to determine the transaction date of a BCTESG request:

- the BCTESG must be requested for eligible beneficiaries within the required timeframe as described in 2.1. Age limits and application for the BCTESG; and
- transaction date must not be older than three years when compared to the date in the Header record 001 (the date sent to the CESP).

For more information, see the CESP Interface Transaction Standards on the Systems Documentation tab of the webpage Canada.ca/RESPresources.

5.4.1. Refusal reason 3 (age of beneficiary)

Promoters must request the BCTESG (RT 411-40) for eligible beneficiaries within the required timeframe as described in 2.1 Age limits and application for the BCTESG.

For the transitional period for children born in 2006, 2007, 2008 and 2009, the transaction date of the BCTESG request must fall into the following date ranges:

- For children born in 2006
  From August 15, 2016 to August 14, 2019
- For children born in 2007
  From August 15, 2015, to August 14, 2018
- For children born in 2008
  From August 15, 2015, to August 14, 2018
- For children born in 2009
  From August 15, 2015, or the day the beneficiary turns 6 (whichever is later) to August 14, 2018, or the day before the beneficiary turns 9 in 2018 (whichever is later)

For children born in 2010 or later, the transaction date of the BCTESG request when compared to their birth date must fall into the following age range:

- from their 6th birthday to the day before their 9th birthday.
If the transaction date for the BCTESG request does not satisfy these requirements:

- the BCTESG transaction will be processed by the CESP system;
- BCTESG will not be paid; and
- the promoter will receive a refusal reason 3 (Age of Beneficiary) in a record (RT 911) of their Transaction Processing Report.

Note: For the transitional period for children born in 2006, 2007, 2008 and 2009, a transaction date of the BCTESG request before August 15, 2015, will be rejected. Also, a BCTESG request for children born before 2006 will be rejected.

5.4.2. Refusal reason D (late transaction)

When promoters submit incorrect information or make formatting errors in their BCTESG request transactions (RT 411-40), they must correct and resubmit those transactions to the CESP in another file. If a file is sent more than 3 years after the original transaction date of a BCTESG request in the file:

- the BCTESG transaction will be processed by the CESP system; and
- the promoter will receive a refusal reason D (Late Transaction) in a record (RT 911) of their Transaction Processing Report.

For example...

A BCTESG request with a transaction date of November 2, 2015, was rejected due to an error and the CESP system returned a Transaction Error Report record (RT 800) to the promoter in response to this request.

To avoid a refusal reason D and obtain a BCTESG payment for this request, the promoter must send a file with the corrected BCTESG request transaction to the CESP system within three years (November 2, 2018) after the original BCTESG transaction date and this transaction must be successfully processed by the CESP.
6. Repaying the BCTESG

Withdrawal of contributions will not trigger repayment of BCTESG but other circumstances may require the repayment of the BCTESG. For more information, see 6.2 Repayment Circumstances.

Repayment consequences

Repayment of BCTESG will result in loss of the beneficiary's BCTESG eligibility, which will not be restored. For more information, see 3. BCTESG amounts.

6.1. Repayment process

The promoter must:

1. recognize and identify circumstances that require BCTESG repayment;
2. determine BCTESG amounts to repay; and
3. submit the required financial transaction(s) to the CESP system, indicating the amounts and repayment reasons.

See 6.3 Submitting repayment information to the CESP.

Promoters initiate a BCTESG repayment from an RESP by submitting a transaction to the CESP system indicating the amount of BCTESG to repay and the repayment reason. The CESP makes monthly direct deposits for each promoter, which includes all incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. All repayment amounts for the previous month are subtracted from the amount that would normally be paid to promoters in their next direct deposit.
6.2. Repayment circumstances

There are a number of circumstances in which BCTESG must be repaid.

The promoter must repay the BCTESG when:

- the RESP is terminated;
- the registration of the RESP is revoked;
- all or part of the BCTESG was withdrawn from the RESP and not used as an EAP;
- an accumulated income payment (AIP) is made;
- a payment to a designated educational institution is made;
- an EAP is made to an individual who is not a beneficiary under the RESP;
- an ineligible transfer occurs;
- an ineligible beneficiary replacement occurs;
- a beneficiary, who is not a sibling, is added to a sibling-only RESP after the BCTESG has been paid into this RESP;
- an application for the BCTESG contained false information.

6.2.1. Calculating BCTESG repayments

If the promoter repays BCTESG for any of the above reasons, the amount repayable is the lesser of:

- The total balance of the BCTESG account (immediately before the triggering event).
- The fair market value of the property held in the RESP (immediately before the triggering event).
6.3. Submitting repayment information to the CESP

Financial transactions (Record Type 400) are used to record the movement of funds into or out of the RESP (with the exception of earnings). A BCTESG repayment (or any other incentive administered by ESDC) is considered to be a financial transaction.

When submitting BCTESG repayment information to the CESP, the promoter will submit the following transaction to the CESP system:

- RT 400, Transaction Type 21 (Grant repayment)

In addition, the transaction will identify the BCTESG Repayment Reason (or flag), with one of the following codes:

- 02 Accumulated income payment (AIP)
- 03 Contract termination
- 04 Ineligible transfer
- 05 Ineligible Beneficiary Replacement
- 06 Payment to Educational Institution
- 07 Revocation (of plan)
- 08 Ceases to meet sibling-only condition
- 11 Other

Note: Repayment Reasons 01, 09, 10, and 12 do not apply to the BCTESG. Therefore they are not included in this list.

In all repayment transactions, promoters must also report the BCTESG amount being repaid to the CESP. For more detailed information about how transactions are processed between the promoter and the CESP system, see Chapter 1–3: The CESP System and Interface Transaction Standards.

6.4. How funds are used to repay BCTESG

When processing a repayment, promoters must take into consideration whether or not there are sufficient funds in the RESP at the time repayment is required.

6.4.1. When sufficient funds exist in the RESP and the plan is terminated

When the plan is terminated and there are sufficient funds in the RESP, the promoter will repay the BCTESG and any other incentives from the corresponding RESP account(s).
Example - when sufficient funds exist in the RESP and the plan is terminated

A subscriber terminated an Individual RESP with the following account balances because the beneficiary will never be eligible for an EAP. All incentives must be repaid because the plan is terminated.

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>BCTESG</th>
<th>Canada Education Savings Grant (CESG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27,575</td>
<td>$9,375</td>
<td>$14,000</td>
<td>$1,200</td>
<td>$2,800</td>
</tr>
</tbody>
</table>

BCTESG repayable = $1,200  
CESG repayable = $2,800  
Total repayable = $4,000

In this example, the promoter would withdraw the funds from the RESP and submit the following Grant repayment transaction (RT 400-21) to the CESP:

RT 400-21(03):  Reason code = 03 (Contract termination)  
$1,200 in the BCTESG amount field  
$2,800 in the CESG amount field

6.4.2. When insufficient funds exist in the RESP and the plan is terminated

When the RESP is terminated, BCTESG (and all other incentives in the plan that are administered by ESDC) must be repaid.

If the RESP has experienced a loss and there are insufficient funds to cover the total BCTESG amount repayable, the promoter must submit a Termination Adjustment Transaction to the CESP to report the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these accounts are depleted, any remaining losses are apportioned equally across the incentive accounts in the RESP.

Example – when insufficient funds exist in the RESP and the plan is terminated

A subscriber terminated an Individual RESP with the following account balances because the beneficiary will never be eligible for an EAP. All incentives must be repaid because the plan is terminated.

The RESP balance is:

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>BCTESG</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,800</td>
<td>$0</td>
<td>$14,000</td>
<td>$1,200</td>
<td>$2,800</td>
</tr>
</tbody>
</table>

First, determine the incentive amounts that would be repayable if there are sufficient funds in the RESP:

BCTESG repayable = $1,200 (if there are sufficient funds)  
CESG repayable = $2,800 (if there are sufficient funds)  
Total repayable = $4,000
In this example, the total amount of incentives that would normally be repayable ($4,000) exceeds the market value of the RESP ($3,800). Therefore, the following calculations are required to determine the actual repayable amount for each incentive:

1. Determine the total amount of incentives in the RESP:
   $1,200 BCTESG + $2,800 CESG = $4,000

2. Determine the percentage represented by each incentive in the RESP:
   $1,200 / $4,000 = 30% BCTESG
   $2,800 / $4,000 = 70% CESG

3. Apply these percentages to the RESP Market Value of $3,800:
   30% of $3,800 = $1,140 of BCTESG that can be repaid
   70% of $3,800 = $2,660 of CESG that can be repaid

In this example, the promoter would withdraw the funds from the RESP and submit the following Grant repayment transaction (RT 400-21) to CESP:

RT 400-21(03):  Reason code = 03 (Contract termination)
   $1,140 in the BCTESG amount field
   $2,660 in the CESG amount field

Next, it will be necessary to determine the shortfall and submit the appropriate Termination Adjustment transaction to the CESP. To determine the shortfall for each incentive, subtract the amount that can be paid (calculated above) from the incentive notional account balance. The following table shows the results of this calculation.

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Notional account balance</th>
<th>Amount payable (see above)</th>
<th>Termination adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCTESG</td>
<td>$1,200</td>
<td>$1,140</td>
<td>$60</td>
</tr>
<tr>
<td>CESG</td>
<td>$2,800</td>
<td>$2,660</td>
<td>$140</td>
</tr>
<tr>
<td>Shortfall</td>
<td>-</td>
<td>-</td>
<td>$200</td>
</tr>
</tbody>
</table>

The promoter must submit the following Termination Adjustment transaction (RT 400-22) to inform the CESP of the $200 shortfall:

RT 400-22:  $60 in the BCTESG amount field
            $140 in the CESG amount field

Note: Termination adjustments are only used when terminating an RESP that has experienced a loss and there are insufficient funds to cover the total amount of incentives repayable.
7. Other transactions involving the BCTESG

The promoter may be asked to handle other transactions involving BCTESG including:

- Transferring funds (including BCTESG) from one RESP to another
  
  See Chapter 3-1: RESP transfers and the education savings incentives

- Responding to a request for an EAP and calculating the BCTESG portion of the EAP
  
  See Chapter 3-2: Post-secondary education and educational assistance payments (EAPs)
Canada Education Savings Program – RESP provider user guide

CHAPTER 2-4

Saskatchewan Advantage Grant for Education Savings (SAGES)

In 2013, the Government of Saskatchewan introduced the Saskatchewan Advantage Grant for Education Savings (SAGES). In this document, the “SAGES” acronym means the education savings incentive paid under The Saskatchewan Advantage Grant for Education Savings Act.

Employment and Social Development Canada (ESDC), Canada Education Savings Program (CESP) - has partnered with the Government of Saskatchewan to administer this provincial education savings incentive.

Registered Education Savings Plan (RESP) promoters must be authorized by ESDC to offer SAGES or any other education savings incentive administered by ESDC.

See Appendix C for a list of acronyms and terms used in this guide.

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1. SAGES – an overview

SAGES is an education savings incentive that is paid:

- by the Government of Saskatchewan;
- from a designated provincial program administered by ESDC;
- into an RESP;
- at a rate of 10% of RESP contributions in respect of eligible beneficiaries; and
- for contributions made on or after January 1, 2013.

Saskatchewan matches 10% of RESP contributions in SAGES amounts, up to $250 per beneficiary for each eligible year, until the end of the calendar year in which a beneficiary turns 17. Total SAGES payments per beneficiary could reach $4,500 if the beneficiary is eligible from birth until age 17.

While each eligible beneficiary’s SAGES grant room increases by $250 per eligible year, the annual SAGES amount that can be paid per beneficiary is limited to the lesser of:

- the accumulated SAGES grant room for the beneficiary; and
- the SAGES annual limit of $500.

Note: On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Additional information pertaining to the suspension of the SAGES is provided in information bulletin # 722 sent June 12, 2017, available through the Canada.ca/RESPresources Web page.

1.1. How it works

SAGES payments are based on the following requirements:

- An RESP: A subscriber must meet with a participating promoter, open an RESP and name an eligible beneficiary or beneficiaries. See Chapter 1-4: Registered Education Savings Plans (RESPs).
- Eligibility criteria: The subscriber and participating promoter review the SAGES eligibility criteria. See 2. Eligibility criteria.
- Application process: The subscriber asks the promoter to apply for SAGES for the beneficiary. See 6. Applying for SAGES.
- RESP contributions: The RESP receives SAGES payments when the subscriber makes contributions to the RESP in respect of the beneficiary.
- Educational assistance payments (EAPs): When the beneficiary is enrolled in a post-secondary education program, the subscriber can request an EAP, which is paid from the earnings and education savings incentives (including SAGES) in the RESP. See chapter 3-2: Post-secondary education and educational assistance payments (EAPs).
2. Eligibility criteria

Consider the following eligibility criteria to determine if an RESP contribution is eligible for SAGES payments:

- Has the subscriber established an RESP and named a beneficiary?
- Does the promoter offer SAGES?
- Is the RESP either an individual RESP or a family RESP in which each beneficiary is a brother or sister of every other beneficiary?
- Was the beneficiary a resident of Saskatchewan when the RESP contribution was made?
- Was the RESP contribution made on or before December 31st of the year in which the beneficiary turns 17?

If you can answer “Yes” to all of these questions, the RESP contribution may be eligible for SAGES payments.

2.1. RESP contributions and withdrawals

A subscriber must make RESP contributions in respect of an eligible beneficiary to receive SAGES payments in an RESP. These payments are subject to annual and lifetime limits. For more information, see 4. Annual SAGES limits and SAGES grant room.

Consequence of withdrawing contributions
The withdrawal of contributions may trigger a repayment of SAGES. For more information, see 8. Repaying SAGES

2.2. Contributions and the SAGES age limit

To qualify for SAGES payments, contributions must be made to an RESP, in respect of an eligible beneficiary, on or before December 31 of the year in which the beneficiary turns 17.
2.3. Contributions for 16 and 17 year-old beneficiaries

RESP contributions made during the calendar year in which the beneficiary turns 16 or 17 years of age, must satisfy one of the following conditions to be eligible for SAGES:

- A minimum of $100 in annual RESP contributions has been made in respect of the beneficiary, and not withdrawn, in any four years (consecutive or not), by December 31st in the year the beneficiary turned 15.

OR

- A minimum of $2,000 in RESP contributions has been made in respect of the beneficiary, and not withdrawn, by December 31st in the year the beneficiary turned 15.

Example 1 – Four years of at least $100 in contributions per year

Liam’s grandfather opened an RESP for him on his 12th birthday (January 6, 2009) and made $10 in pre-authorized contributions per month as summarized in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beneficiary age</th>
<th>Yearly contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12</td>
<td>$120</td>
</tr>
<tr>
<td>2010</td>
<td>13</td>
<td>$120</td>
</tr>
<tr>
<td>2011</td>
<td>14</td>
<td>$120</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>$120</td>
</tr>
</tbody>
</table>

Liam satisfies the 16 and 17 year rule for SAGES eligibility for RESP contributions at the age of 16 and 17, because at least $100 per year in RESP contributions were made for Liam in at least 4 separate years before the end of the calendar year in which Liam turned 15.

Example 2 – At least $2,000 in contributions

Nancy’s parents opened an RESP for her on March 3, 2011 when she was 14 years old. They made $1,000 in annual RESP contributions for her in 2011 and 2012, as summarized in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beneficiary age</th>
<th>Yearly contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14</td>
<td>$1,000</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

Nancy satisfies the 16 and 17 year rule for SAGES eligibility for RESP contributions at the age of 16 and 17, because at least $2,000 in RESP contributions were made for Nancy before the end of the calendar year in which she turned 15.
3. Calculating SAGES amounts

**SAGES formula**

| RESP contribution | x | 10% | = SAGES amount |

The amount of SAGES paid into an RESP is 10% of the qualifying RESP contributions.

**Example of calculating SAGES amounts**

Liam’s grandfather opened an RESP on his 12th birthday (January 6, 2009) and made $10 in pre-authorized contributions per month as summarized in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beneficiary age</th>
<th>Yearly contributions</th>
<th>SAGES amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12</td>
<td>$120</td>
<td>unavailable</td>
</tr>
<tr>
<td>2010</td>
<td>13</td>
<td>$120</td>
<td>unavailable</td>
</tr>
<tr>
<td>2011</td>
<td>14</td>
<td>$120</td>
<td>unavailable</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>$120</td>
<td>unavailable</td>
</tr>
<tr>
<td>2013</td>
<td>16</td>
<td>$120</td>
<td>$12</td>
</tr>
<tr>
<td>2014</td>
<td>17</td>
<td>$120</td>
<td>$12</td>
</tr>
</tbody>
</table>

The contributions to Liam’s RESP prior to 2013 did not attract any SAGES amounts because the Government of Saskatchewan only began paying SAGES for contributions made on January 1, 2013 or later. For each monthly contribution of $10 in 2013 or later, Liam’s RESP received $1 in SAGES payments (10% of $10), for a total of $12 in SAGES payments per year.

Note that Liam also satisfies the required eligibility criteria for SAGES at the age of 16 and 17. For more information, see **2.3. Contributions for 16 and 17 year-old beneficiaries** earlier in this chapter.

**Promoter fees and the SAGES account**

Fees are not to be charged to the education savings incentive portions of an RESP.
4. Annual SAGES limits and SAGES grant room

**SAGES grant room increases annually by $250 per beneficiary.**

Since January 1, 2013, $250 is added annually to the SAGES grant room for each eligible child (or since birth if the child was born after 2013). Unused SAGES grant room can accumulate until the end of the calendar year in which the child turns 17, even if the child was not named as an RESP beneficiary.

If contributions in respect of a beneficiary (across all RESPs in which the beneficiary is named) are insufficient to attract the full annual amount added to the beneficiary’s SAGES grant room, the difference (unused SAGES grant room) can be carried forward and added to the accumulated SAGES grant room for use in future years.

**Annual SAGES payments are limited to $500 per beneficiary.**

While subscribers can potentially catch up on the unused SAGES grant room for a beneficiary, the maximum annual SAGES amount that can be paid into RESPs in respect of a particular beneficiary is limited to $500.

The annual SAGES amount payable per beneficiary is the lesser of the following two amounts:

- Accumulated SAGES grant room for the beneficiary, and
- SAGES annual limit of $500

As of January 1, 2018, the $250/year in SAGES grant room will **not** accumulate during the SAGES suspension period. However, beneficiaries will not lose the grant room they had prior to the suspension period.

### 4.1. Calculating SAGES grant room and carry forward

The following formula must be used to calculate the amount of unused SAGES grant room that can be carried forward to the next year:

<table>
<thead>
<tr>
<th>Carry forward formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES grant room to carry forward next year = SAGES grant room at the start of this year − SAGES amount paid this year</td>
</tr>
</tbody>
</table>

When SAGES grant room is carried forward from previous years, new RESP contributions may qualify for more than the $250 amount that is added to the SAGES grant room per beneficiary each year.

Subscribers can catch up on unused SAGES grant room in these situations by making more than $2,500 in RESP contributions each year. However, SAGES payments are limited to an annual amount of $500 per beneficiary across all RESPs in which a beneficiary is named.
Example of calculating SAGES grant room and carry forward

While Jonathan was eligible to receive SAGES in 2013, his parents did not open his individual RESP until 2016 when he was 12 years old. They were able to catch up on four years of unused SAGES grant room by the time Jonathan turned 13 by making at least $5,000 in annual contributions each year, as illustrated in the following table. Jonathan was not named in any other RESP, which makes it possible to calculate unused SAGES amounts to carry forward based only on the contributions made for him in this RESP.

<table>
<thead>
<tr>
<th>Year</th>
<th>SAGES grant room carried forward</th>
<th>Annual amount added to SAGES grant room</th>
<th>Accumulated SAGES grant room before contributions</th>
<th>Annual contribution amount</th>
<th>SAGES paid into RESP</th>
<th>Unused SAGES grant room to carry forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>-</td>
<td>$ 250</td>
<td>$ 250</td>
<td>$0</td>
<td>$0</td>
<td>$ 250 – $250</td>
</tr>
<tr>
<td>2014</td>
<td>$ 250</td>
<td>$ 250</td>
<td>$ 500</td>
<td>$0</td>
<td>$0</td>
<td>$ 500 – $0</td>
</tr>
<tr>
<td>2015</td>
<td>$ 500</td>
<td>$ 250</td>
<td>$ 750</td>
<td>$0</td>
<td>$0</td>
<td>$ 750 – $0</td>
</tr>
<tr>
<td>2016*</td>
<td>$ 750</td>
<td>$ 250</td>
<td>$1,000</td>
<td>$10,000</td>
<td>$500</td>
<td>$500 – $1,000</td>
</tr>
<tr>
<td>2017</td>
<td>$ 500</td>
<td>$ 250</td>
<td>$ 750</td>
<td>$5,000</td>
<td>$500</td>
<td>$250 – $750</td>
</tr>
<tr>
<td>2018**</td>
<td>$ 250</td>
<td>$ 0</td>
<td>$ 250</td>
<td>$5,000</td>
<td>$0</td>
<td>$250 – $0</td>
</tr>
<tr>
<td>2019</td>
<td>$ 250</td>
<td>$ 0</td>
<td>$ 250</td>
<td>$5,000</td>
<td>$0</td>
<td>$250 – $0</td>
</tr>
</tbody>
</table>

* Note: Even though there is $10,000 in contributions for 2016, the SAGES amount paid would not exceed the maximum annual SAGES limit of $500 that year.

** Note: As of January 1, 2018, the $250/year in SAGES grant room will not accumulate during the SAGES suspension period. However, beneficiaries will not lose the grant room they had prior to the suspension period.

4.2. SAGES grant room and beneficiary residency requirements

SAGES grant room can accumulate even when a beneficiary is not a resident of Saskatchewan. However, promoters can request SAGES on a contribution only if the beneficiary was a resident of Saskatchewan when the contribution was made.

Subscribers are responsible for informing their promoters about changes to beneficiary residency status. Consequently, promoters must cease to request new SAGES payments for a beneficiary when a subscriber informs them that a beneficiary no longer satisfies the residency criteria.
5. Lifetime SAGES limits

The maximum lifetime SAGES limit is $4,500 per beneficiary.

The maximum lifetime limit of $4,500 is per eligible beneficiary, across all plans (if multiple RESPs opened in which the same beneficiary is named) and is paid until the end of the year in which the beneficiary turns 17.

5.1. SAGES amounts in educational assistance payments (EAPs)

Each beneficiary can attract up to the maximum lifetime SAGES limit of $4,500. This limit applies to the total amount of SAGES paid in respect of the beneficiary into all RESPs in which the beneficiary is named.

However, every beneficiary named in a family RESP has access to the full SAGES amount in the plan, even if some SAGES amounts paid (or transferred) into the plan were originally paid in respect of other beneficiaries. Consequently, beneficiaries may receive more than $4,500 of accumulated SAGES amounts in their EAPs throughout their post-secondary studies. See also 7.2 Sharing SAGES and earnings.

Example of SAGES amounts in EAPs

Sandra is named in the following RESPs:

- Family RESP with Promoter A
- Individual RESP with Promoter B

Sandra is not limited in the amount of SAGES she can receive in EAPs throughout her post-secondary studies. She can even use SAGES amounts that were originally paid into the family RESP in respect of her siblings.
6. Applying for SAGES

6.1. The application process – SAGES

Who is involved?
The following key players participate in the SAGES application process:
- participating promoter
- subscriber
- custodial parent or legal guardian

The promoter facilitates SAGES applications by:
- establishing and requesting registration of the education savings plans (ESPs) initiated by subscribers;
- helping subscribers identify incentives for which beneficiaries qualify by providing and explaining eligibility criteria; and
- assisting subscribers to complete the SAGES application form (ESDC SDE 0093-C Annex C-SAGES).

Note: The promoter must be authorized to offer SAGES.

The following steps are required to receive SAGES payments in an RESP.

1. **Subscriber**: The subscriber approaches a promoter that is authorized to offer SAGES, to open and register an ESP and name a beneficiary.

2. **Promoter**: The promoter obtains the Social Insurance Numbers (SINs) for the subscriber and the beneficiary and establishes the ESP.

Opening and registering the ESP
The promoter must notify the parent or legal guardian, within 90 days of establishing the plan, that an ESP has been opened for the beneficiary. ESDC is responsible for communicating requests to register ESPs to the Canada Revenue Agency (CRA). CRA notifies promoters directly once plans have been registered. For more information, see chapter 1-4: Registered Education Savings Plans (RESPs).

3. **Promoter**: The promoter reviews eligibility criteria with the subscriber to identify whether the beneficiary qualifies for SAGES. See 2. Eligibility criteria.

4. **Promoter**: Completes the SAGES application form with the subscriber and obtains the necessary information and signatures.
5. **Subscriber:** The subscriber deposits contribution(s) to the RESP. Special conditions apply when a beneficiary is 16 and 17 years old. See 2.3 Contributions for 16 and 17 year-old beneficiaries.

6. **Promoter:** The promoter processes the application form according to established procedures.

### Accurate information prevents delays in SAGES payments

When completing the SAGES application form, it is important to verify the accuracy of the information. Information on the application form is used to electronically submit SAGES requests to ESDC. Inaccurate information will result in the transaction being returned and will delay SAGES payments. For more information, see chapter 1–3: The CESP system and Interface Transaction Standards (ITS).

### RESP contribution limits per beneficiary

The promoter may remind subscribers that RESP contributions, in respect of each beneficiary, are limited to a lifetime limit of $50,000 (since 2007).

### What happens to information collected on application forms?

The information is entered into the promoter’s information system and then transmitted electronically to ESDC to request registration of the ESP and to request SAGES payments. See chapter 1-3: The CESP system and Interface Transaction Standards.

Promoters can also use the optional 6.2 Post-application checklist to provide subscribers with helpful reminders.

### SAGES suspension period beginning January 1, 2018 – Should promoters continue accepting applications?

It is up to promoters to decide if they still want to accept and process SAGES applications. New subscribers may apply for SAGES in the suspension period, but no SAGES will be paid. Contributions made during the suspension period will not be eligible to receive SAGES once the suspension is lifted.
6.2. Post-application checklist

- Remind subscribers that no SAGES payments will be made as of January 1, 2018.

  Promoters may continue submitting SAGES requests after that date but SAGES will not be paid. Refusal reason “9” (Other) will be sent to promoters on SAGES requests made after December 31, 2017.

- Confirm that all information has been accurately recorded onto the SAGES application form.

  Accurate information ensures timely SAGES payments. Inaccurate information may delay payments.

- Remind subscribers of the $50,000 lifetime contribution limit per beneficiary, informing them of the need to coordinate contributions if they are aware of other RESPs that have been established for the beneficiary.

  This may avoid potential penalty taxes due to overcontributions.

- Remind subscribers that the CESP may receive multiple SAGES requests in respect of the beneficiary because multiple RESPs can be established for a beneficiary.

  If the CESP receives two (or more) SAGES requests for the same beneficiary, SAGES will be paid to the first request submitted and successfully processed by the CESP system.

  For more information, see 7.1 Order of payments.

- If a subscriber is not the beneficiary’s parent or legal guardian, advise the subscriber that the promoter must notify the parent or legal guardian within 90 days that an ESP has been established.

- Advise subscribers that they will be notified by the promoter once the ESP has been registered with CRA.

- Advise subscribers that they will be notified of SAGES payments by the promoter.

6.3. Requesting SAGES payments for RESP contributions

Promoters report each RESP contribution to the CESP system in an electronic record (RT 400-11). To request a SAGES payment for one of these contributions, they must also submit a SAGES request record (RT 410-30), in which they identify the corresponding contribution.

For more information, see the CESP Interface Transaction Standards on the Systems Documentation tab of the webpage Canada.ca/RESPresources.
6.4. Application for SAGES following transfer from non-offering promoters

Subscribers who transfer RESP accounts from a non-offering promoter to a SAGES offering promoter can request SAGES in respect of the contributions made at a SAGES non-offering RESP promoter.

The application for SAGES following a transfer from a non-offering promoter to a SAGES offering promoter will be made through a manual intervention, processed by ESDC. A SAGES request on new contributions made to the new RESP must first be submitted to ESDC through the regular monthly transaction process. Once the request is successfully processed, the SAGES offering promoter can apply for the SAGES on eligible contributions made with the non-offering promoter.

Following the announcement of the SAGES suspension beginning January 1, 2018, the last day to submit requests for SAGES for transferred contributions from a non-offering promoter will be September 30, 2017. Any request received after September 30, 2017 will not be actioned.

Who is involved?
The following key players participate in the application for SAGES following a transfer from a non-offering promoter:

- participating promoter
- subscriber
- ESDC

The following steps are required to apply for SAGES in respect of contributions made with the non-offering promoter.

1. **Subscriber**: requests a transfer of the RESP assets from the SAGES non-offering promoter to the SAGES offering promoter.

2. **Subscriber and promoters**: take the necessary steps to ensure that the transfer is processed successfully. See chapter 3-1 RESP transfers and education saving incentives.

3. **Receiving promoter**: reviews the eligibility criteria to ensure the beneficiary qualifies for SAGES and completes the SAGES application form (ESDC SDE 0093-C Annex C-SAGES) with the subscriber. See 2. Eligibility criteria.

4. **Subscriber**: makes a new contribution to the RESP (with the receiving promoter offering SAGES) in respect of the beneficiary.
Chapter 2–4: Saskatchewan Advantage Grant for Education Savings (SAGES)

5. Receiving promoter: submits SAGES request on a new contribution via an electronic transaction to ESDC. For more information, see 6.3. Requesting SAGES payments for RESP contributions.

6. ESDC: processes SAGES request on the new contribution.

7. Receiving promoter: sends an email to ESDC to request SAGES on the transferred eligible contributions from the non-offering promoter once the request for SAGES is successfully processed (Transaction Processing Report – Record type 910). This includes the beneficiary’s first name, last name, the SAGES offering promoter’s contract number associated to the beneficiary (15 digits) and the date that the beneficiary started to be a resident of Saskatchewan as it appears on the SAGES application form (ESDC SDE 0093-C Annex C-SAGES).

8. ESDC: receives the email from the SAGES offering promoter, validates eligible transferred contributions and proceeds with a manual intervention. Following the manual intervention, ESDC will send the transaction identification number and the amount paid to the promoter by email. The CESP system pays the SAGES amount to the promoter. At the end of each processing period, ESDC sends a transaction processing report (a record type 910) to the sender for every successfully processed transaction. For more information, see the CESP Interface Transaction Standards on the Systems Documentation tab of the webpage Canada.ca/RESPresources.

9. Promoter: receives and deposits the SAGES payment into the RESP in respect of the beneficiary and then notifies the subscriber that the SAGES payment has been deposited into the RESP via account statements.

Manual intervention

A SAGES request on a new contribution must be transmitted electronically and processed successfully to establish a SAGES notional account in the CESP system, before ESDC can perform a manual intervention. Promoters can contact their CESP Promoter Support Officer for additional information.
Example of a SAGES request following the transfer of contributions made at a SAGES non offering promoter to a SAGES offering promoter.

- Michelle made an RESP contribution on January 1, 2014 with a non-offering SAGES promoter (Promoter A).
- Michelle transferred her child’s RESP assets to Promoter B, a SAGES offering promoter. She made a new contribution with Promoter B and completed a SAGES application form on December 1, 2014.
- Promoter B submitted the transaction to request SAGES on the new contribution through the CESP system which was successfully processed. Now that this request is successfully processed, Promoter B can request SAGES on eligible contributions made at Promoter A.

Time constraint for SAGES payments

- To receive SAGES on contributions made on January 1, 2014, the subscriber must complete the SAGES application form within three years, no later than January 1, 2017.
- As Michelle completed a SAGES application form on December 1, 2014, Promoter B has until December 1, 2017, to successfully submit a SAGES request by email to ESDC in order to receive SAGES on the eligible contribution made by Michelle at Promoter A (in accordance to the three year-rule).
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7. Receiving and depositing SAGES  

ESDC sends a record (RT 910) in the monthly Transaction Processing Report to each promoter to acknowledge the successful processing of each SAGES request. This report indicates:

- the SAGES amount paid on successful requests; and
- refusal reasons if the full SAGES amount is not paid (See 7.3 Reasons for non-payment of SAGES).

Once ESDC sends SAGES payments to promoters, the promoter must:

1. Deposit each SAGES payment into the appropriate RESP account in respect of each beneficiary.

   The promoter tracks and manages all RESP transactions using various RESP accounts. The promoter must update the SAGES account for each SAGES payment made to an RESP.

2. Notify the subscriber (via account statements) about all SAGES amounts deposited into the RESP.

7.1. Order of payments  

Since a child can be a beneficiary of more than one RESP, the CESP system responds to SAGES requests on a first-come, first-served basis.

Example of order of payments

Erin is named in two individual RESPs. One RESP is with Promoter A and the other is with Promoter B. Erin had $150 in SAGES grant room available before the following transactions were submitted for processing in April 2014.

<table>
<thead>
<tr>
<th>Promoter A</th>
<th>Promoter B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution transaction</td>
<td>SAGES request</td>
</tr>
<tr>
<td>A $1,000 contribution was made for Erin on March 3, 2014</td>
<td>A SAGES request was made for this contribution on March 3, 2014</td>
</tr>
</tbody>
</table>

As both SAGES requests were processed for the same beneficiary in the same processing month, the CESP will process the SAGES request with the earliest transaction date first. Therefore, in this example the Promoter A SAGES request will be processed before the Promoter B SAGES request.

Promoter A would receive a $100 SAGES payment, the full 10% SAGES amount on the $1,000 contribution. This would reduce Erin’s SAGES grant room from $150 to $50.

The other SAGES request made by Promoter B would receive a SAGES payment of only $50, the remaining amount available in Erin’s SAGES grant room at that time. As the full SAGES amount (10% of $1000) was not paid for
this contribution, Promoter B will receive a refusal reason 1 (annual limit exceeded) for this SAGES request in their Transaction Processing Report.

Multiple SAGES requests for the same contribution
When multiple SAGES requests are made for the same contribution in respect of the same beneficiary as a result of transaction errors or adjustments in the system, each request is processed but SAGES will be paid only for the last successfully processed request. This would occur even if these SAGES requests are processed in different months.

7.2. Sharing SAGES and earnings

All beneficiaries named in an RESP can share the SAGES and RESP earnings in EAPs if they satisfy EAP eligibility criteria. See 5.1 SAGES amounts in educational assistance payments (EAPs).

7.2.1. Family RESPs

All SAGES payments made in a family RESP are pooled together in one SAGES account. If a beneficiary named in a family RESP is eligible to receive an EAP, this SAGES account is available to that beneficiary. Furthermore, any earnings generated by SAGES (as well as earnings generated by any other component of the RESP) can also be shared in an EAP for any eligible beneficiary named in the RESP.

7.3. Reasons for non-payment of SAGES

To ensure timely SAGES payments into RESPs in respect of eligible beneficiaries, the promoter must:

- help subscribers to accurately complete the SAGES application form; and
- submit information collected on these forms, along with other required data, to ESDC via electronic transactions. These transactions must pass all formatting and business rule validation according to the CESP Interface Transaction Standards (ITS).

For more information about the types of transactions and reports exchanged between Promoters and the CESP, see chapter 1-3: The CESP system and Interface Transaction Standards (ITS).

7.3.1. When transactions are rejected

The CESP system rejects promoter transactions that contain errors and generates corresponding error codes in a monthly transaction error report (RT 800). These reports are sent electronically to each promoter’s head office. Promoters are responsible for correcting any errors and resubmitting corrected transactions to the CESP.

Transaction Error Reports identify SAGES requests that were rejected due to either missing information or a failure to pass formatting and business rules.

For more information, see Appendix E: Understanding error codes.
7.3.2. When payments are refused

The CESP system sends a monthly Transaction Processing Report to each promoter's head office. This report acknowledges receipt of all processed transactions, including processed SAGES requests (RT 910). While this report would indicate the amounts paid for all successful SAGES requests, it would also identify any SAGES requests for which payment was refused (or the full SAGES amount was not paid).

The CESP system refuses SAGES requests if they do not comply with business rules. For example, once the annual SAGES limit has been reached in respect of a particular beneficiary, any additional SAGES requests for the beneficiary in the same year would be processed, but the corresponding SAGES payments would be refused. See 4. Annual SAGES limits and SAGES grant room.

For more information, see Appendix F: Understanding refusal reasons.

Submitting a correction to the CESP system

To submit a correction to a financial transaction, the promoter must first submit a reversal transaction followed by a new transaction with the corrected information. Reversals indicate that the original transaction did not occur as reported. For more information, see the CESP Interface Transaction Standards on the Systems Documentation tab of the Canada.ca/RESPresources webpage.

7.4. Time constraints for SAGES payments

SAGES requests may be refused due to time constraints and receive one of the following refusal reasons:

- Refusal reason D (late transaction)
- Refusal reason O (late SAGES request)
- Refusal reason 9 (other)

The CESP system uses SAGES request (RT 410-30) transaction dates to generate these three refusal reasons. Promoters must use the most recent of the following dates to determine the transaction date of a SAGES request:

- the date that the subscriber completes a SAGES application form; or
- the date that the subscriber makes the corresponding contribution
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7.4.1. Refusal reason D (late transaction)

When promoters submit incorrect information or make formatting errors in their SAGES request transactions (RT 410-30), they must correct and resubmit those transactions to the CESP in another file. If a file is sent more than three years after the original transaction date of a SAGES request in the file:

- the SAGES transaction will be processed by the CESP system;
- SAGES will not be paid on the associated contribution; and
- the promoter will receive a refusal reason D (late transaction) in a record (RT 910) of their transaction processing report.

Example: refusal reason D

A SAGES request with a transaction date of November 2, 2013 was rejected due to an error and the CESP system returned a Transaction Error Report record (RT 800) to the promoter in response to this request.

To avoid a refusal reason D and obtain a SAGES payment for this request, the promoter must send a file with the corrected SAGES request transaction to the CESP system within three years (November 2, 2016) after the original SAGES transaction date and this transaction must be successfully processed by the CESP.

7.4.2. Refusal reason O (late SAGES request)

Subscribers have up to three years after the date of a contribution to apply for a SAGES payment (RT 410-30) on the contribution (RT 400-11). If this condition is not met:

- the SAGES transaction will be processed by the CESP system;
- SAGES will not be paid on the associated contribution; and
- the promoter will receive a refusal reason O (late SAGES request) in a record (RT 910) of their transaction processing report.

Example: refusal reason 0

An RESP promoter was in the process of updating their system to offer SAGES, when a subscriber made an RESP contribution on October 14, 2013. To avoid receiving a refusal reason O for the SAGES request on this contribution, the subscriber must complete a SAGES application form with an eligible promoter before October 14, 2016.

7.4.3. Refusal reason 9 (other)

As of January 1, 2018, subscribers and promoters will no longer have up to three years to request SAGES on eligible contributions for the duration of the SAGES suspension. Retroactive SAGES requests must have a transaction date no later than December 31, 2017, and be submitted to the CESP system for processing by 5pm Easter time on January 5, 2018. Any SAGES request made after December 31, 2017 will receive a refusal reason 9.
Chapter 2-4: Saskatchewan Advantage Grant for Education Savings (SAGES)

8. Repaying SAGES

SAGES must be repaid to ESDC as a result of:

- a withdrawal of contributions (most common repayment reason); or
- other repayment circumstances.

The type of circumstance determines the method used to calculate the SAGES amount to be repaid.

**Repayment consequences**

Repayment of SAGES will result in loss of the beneficiary’s SAGES grant room, which will not be restored. For more information, see 4. Annual SAGES limits and SAGES grant room.

8.1. The repayment process

The promoter must:

1. recognize and identify circumstances that require SAGES repayments;
2. determine SAGES amounts to repay; and
3. submit the required financial transaction(s) to the CESP, indicating the amounts and repayment reasons. See 8.4 Submitting repayment information to the CESP system.

Promoters initiate a SAGES repayment from an RESP by submitting a transaction to ESDC indicating the amount of SAGES to repay and the repayment reason. ESDC makes monthly direct deposits for each promoter, which includes all incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. All repayment amounts for the previous month are subtracted from the amount that would normally be paid to promoters in their next direct deposit.

8.2. SAGES repayments on contribution withdrawals

SAGES encourages families to save for their child’s post-secondary education. Specific rules discourage subscribers from withdrawing their contributions until beneficiaries enrol in post-secondary education.

A subscriber can withdraw RESP contributions, without having to repay SAGES, only if:

- a beneficiary of the RESP is eligible to receive an EAP;
  
  OR

- the withdrawal is to correct an RESP overcontribution and the amount of the RESP overcontribution for this beneficiary, across all RESPs, is $4,000 or less at the time of the withdrawal.

In any other instance, the withdrawal of RESP contributions requires a SAGES repayment.
8.2.1. Calculating SAGES repayments for contribution withdrawals

When a SAGES repayment must be repaid from an RESP due to a withdrawal of RESP contributions, the promoter must repay the lesser of the following amounts:

- 10% of the withdrawal amount
- SAGES account balance before the withdrawal

8.2.2. Waiver of repayment

A subscriber could face undue hardship if repayment of the SAGES is required due to the withdrawal of contributions. As per section 8 of the Saskatchewan Advantage Grant for Education Savings Regulations, the Minister of Advanced Education may waive the requirement for repayment of SAGES to avoid undue hardship.

Examples of undue hardship include:

- an extraordinary event that led to bankruptcy or financial hardship;
- an extraordinary illness - a severe illness requiring prolonged hospitalization or recovery. The illness would create an undue hardship due to expenses related to: specialized medical equipment; travel for out-of-province/country medical emergency; and/or medications;
- a catastrophic event – uninsured damage to property by an unforeseen event; and
- other situations that may be deemed as an acceptable undue hardship as determined by the Minister of Advanced Education.

To request a waiver of repayment of SAGES, the subscriber must complete and submit the SAGES Waiver of Repayment form for an existing RESP and submit it to the Saskatchewan Ministry of Advanced Education within 12 months of the RESP contribution withdrawal transaction date.

The ministerial review process is as follow:

1. **Subscriber**: initiates the withdrawal of contributions

2. **Promoter**: processes the contribution withdrawal and repayment and downloads the SAGES Waiver of Repayment form from the Forms tab on Canada.ca/RESPresources webpage and provides a copy to the subscriber. For more information, see 8.2. SAGES repayments on contribution withdrawals.
3. **Subscriber**: completes the form, attaches supporting documentation for the waiver (original or copies of documentation accepted), and send them by mail to:

   Ministry of Advanced Education  
   Student Service and Program Development Branch  
   1120-2010 12th Avenue  
   Regina, Saskatchewan  
   S4P 0M3  

   Telephone: 1-800-597-8278

**Documentation is required to assess the request for waiver.**

Examples of supporting documentation (original or copies of documentation accepted) would include: a notice of assignment into bankruptcy including detailed explanation of the extraordinary circumstance that led to bankruptcy or financial hardship; medical documentation including evidence that any extraordinary cost was not covered by insurance; or an insurance assessment of damages to property by an unforeseen event along with confirmation of financial impact.

4. **Ministry of Advanced Education**: analyses the request, informs the subscriber in writing of the decision. Note: If the request for the SAGES waiver of repayment is denied, no further action is required.

5. **Subscriber**: should the request receives a favourable review, the subscriber is required to provide the RESP promoter with the approval documentation.

6. **Promoter**: submits a reversal of the SAGES repayment transaction followed by a new SAGES repayment transaction (transaction type 400-21 – repayment reason 01 - Contribution withdrawal) with the repayment amount set to zero for SAGES, deposits the SAGES payment into the RESP in respect of the beneficiary and keeps a copy of the Saskatchewan approval documentation. Note: In the case of the SAGES waiver of repayment, the reversal of the repayment transaction does not include CESG.

### 8.3. Other repayment circumstances

In addition to the withdrawal of contributions, there are a number of other circumstances in which SAGES must be repaid.

The promoter must also repay the SAGES in an RESP when:

- the RESP is terminated;
- the registration for the RESP is revoked;
- an accumulated income payment (AIP) is made;
- a payment to a designated educational institution is made;
- an EAP is made to an individual who is not a beneficiary under the RESP;
- an ineligible transfer occurs or
- an ineligible beneficiary replacement occurs.
8.3.1. Calculating the repayment amount – other circumstances

If the promoter repays SAGES from an RESP for any of the above reasons, the amount to repay is equal to the lesser of:

- the total in the SAGES account immediately before the occurrence;
- the fair market value of the property held in the RESP, immediately before the occurrence.

8.4. Submitting repayment information to the CESP system

Financial transactions (record type 400) are used to record the movement of funds into or out of the RESP, with the exception of earnings. A SAGES repayment or the repayment of other incentive administered by ESDC is considered to be a financial transaction.

When submitting SAGES repayment information to the CESP, the promoter will submit the following transaction to the CESP system:

- RT 400, transaction type 21 (grant repayment)

In addition, the transaction will identify the SAGES repayment reason (or flag), with one of the following codes:

- 01 Contribution withdrawal
- 02 Accumulated income payment (AIP)
- 03 Contract termination
- 04 Ineligible transfer
- 05 Ineligible beneficiary replacement
- 06 Payment to educational institution
- 07 Revocation (of plan)
- 10 Overcontribution withdrawal
- 11 Other
- 12 Non-resident

In all repayment transactions, promoters must also report the SAGES amount being repaid to ESDC. For more detailed information about how transactions are processed between the promoter and the CESP system, see chapter 1-3: The CESP system and Interface Transaction Standards.
8.5. How funds are used to repay SAGES

When processing a repayment, promoters must take into consideration whether or not there are sufficient funds in the RESP at the time repayment is required.

8.5.1. When sufficient funds exist in the RESP and the plan is terminated

If there are sufficient funds in the RESP, the promoter will repay the SAGES and any other incentives from the corresponding RESP account(s).

**Example of when sufficient funds exist in the RESP and the plan is terminated**

A subscriber terminated an individual RESP with the following account balances because the beneficiary will never be eligible for an EAP. All incentives must be repaid because the plan is terminated.

<table>
<thead>
<tr>
<th>RESP Market Value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>SAGES</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27,575</td>
<td>$9,375</td>
<td>$14,000</td>
<td>$1,400</td>
<td>$2,800</td>
</tr>
</tbody>
</table>

SAGES repayable  =  $1,400  
CESG repayable   =  $2,800  
Total repayable  =  $4,200

In this example, the promoter would withdraw the funds from the RESP and submit the following grant repayment transaction (RT 400-21) to CESP:

**RT 400-21(03):** Reason code = 03 (Contract termination)  
$1,400 in the SAGES amount field  
$2,800 in the CESG amount field

8.5.2. When insufficient funds exist in the RESP and the plan is terminated

When the RESP is terminated, SAGES (and all other incentives in the plan that are administered by ESDC) must be repaid.

If the RESP has experienced a loss and there are insufficient funds to cover the total SAGES amount repayable, the promoter must submit a **Termination Adjustment Transaction** to CESP to report the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these accounts are depleted, any remaining losses are apportioned equally across the incentive accounts in the RESP.
Example of when insufficient funds exist in the RESP and the plan is terminated

A subscriber terminated an individual RESP with the following account balances because the beneficiary will never be eligible for an EAP. All incentives must be repaid because the plan is terminated.

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>SAGES</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000</td>
<td>$0</td>
<td>$14,000</td>
<td>$1,400</td>
<td>$2,800</td>
</tr>
</tbody>
</table>

First, determine the incentive amounts that would be repayable if there are sufficient funds in the RESP:

SAGES repayable = $1,400 (if there are sufficient funds)
CESG repayable = $2,800 (if there are sufficient funds)
Total repayable = $4,200

In this example, the total amount of incentives that would normally be repayable ($4,200) exceeds the fair market value of the RESP ($4,000). Therefore, the following calculations are required to determine the actual repayable amount for each incentive:

1. Determine the total amount of incentives in the RESP:

   $1,400 SAGES + $2,800 CESG = $4,200

2. Determine the percentage represented by each incentive in the RESP:

   $1,400 / $4,200 = 33.33% SAGES
   $2,800 / $4,200 = 66.67% CESG

3. Apply these percentages to the RESP fair market value of $4,000:

   33.33% of $4,000 = $1,333.33 of SAGES that can be repaid
   66.67% of $4,000 = $2,666.67 of CESG that can be repaid

In this example, the promoter would withdraw the funds from the RESP and submit the following grant repayment transaction (RT 400-21) to CESP:

RT 400-21(03): Reason code = 03 (Contract termination)
$1,333.33 in the SAGES amount field
$2,666.67 in the CESG amount field
Next, it will be necessary to determine the shortfall and submit the appropriate Termination Adjustment transaction to ESDC. To determine the shortfall for each incentive, subtract the amount that can be paid (calculated above) from the incentive notional account balance. The following table shows the results of this calculation.

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Notional account balance</th>
<th>Amount payable (see above)</th>
<th>Termination adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAGES</td>
<td>$1,400</td>
<td>$1,333.33</td>
<td>$66.67</td>
</tr>
<tr>
<td>CESG</td>
<td>$2,800</td>
<td>$2,666.67</td>
<td>$133.33</td>
</tr>
<tr>
<td>Shortfall</td>
<td>-</td>
<td>-</td>
<td>$200</td>
</tr>
</tbody>
</table>

The promoter must submit the following Termination Adjustment transaction (RT 400-22) to inform the CESP of the $200 shortfall:

**RT 400-22:**
- $66.67 in the SAGES amount field
- $133.33 in the CESG amount field

**Note:** Termination adjustments are only used when terminating an RESP.
9. Other transactions involving SAGES

The promoter may also be asked to handle other transactions involving SAGES. These include:

- Transferring funds (including SAGES) from one RESP to another
  
  See chapter 3-1: RESP transfers and the education savings incentives

- Responding to a request for an EAP and calculating the SAGES portion of the EAP
  
  See chapter 3-2: Post-secondary education and educational assistance payments (EAPs)
When funds are transferred between Registered Education Savings Plans (RESPs) held within different financial institutions, the transferring and receiving RESP promoters must share information and work together to successfully complete the following Employment and Social Development Canada (ESDC) RESP Transfer Forms:

- HRSDC SDE 0088 (Form A)
- HRSDC SDE 0089 (Form B)
- HRSDC SDE 0090 (Form C)

Promoters must also submit accurate transfer transactions to the Canada Education Savings Program (CESP) system of ESDC. In addition, when undertaking the transfer, certain conditions are required to ensure that the beneficiary continues to be eligible for the following incentives:

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

See Appendix C for a list of acronyms and terms used in this guide.
1. What is an RESP transfer and who is involved?

The term **RESP transfer** refers to the transactions that take place when all or parts of the funds in the plan are transferred from one RESP to another.

While the subscriber provides the information needed to facilitate the transfer and provides authorization by signing the required form, the RESP transfer process involves the cooperation of:

- the transferring RESP promoter, who transfers funds from the transferring plan to the receiving plan;
- the receiving RESP promoter, who ensures funds are deposited into the corresponding accounts in the receiving plan; and
- the CESP.

Each play a critical role in facilitating the RESP transfer process and confirming that it meets the conditions required to ensure that the beneficiary continues to be eligible for the CESG, CLB and/or provincial incentives for which they qualify.

**Synonyms for transferring and receiving**

In this guide, "transferring RESP" means the plan from which funds are withdrawn in a transfer between RESPs, whereas "receiving RESP" means the plan in which these funds are deposited.

Other RESP documents may refer to transferring and receiving RESPs using different terms.

The following terms could replace "transferring":
- sending
- relinquishing
- originating
- transferor

The following term could replace "receiving":
- transferee
1.1. Responsibilities of the RESP promoters

Participating RESP promoters must comply with the terms and conditions of the agreements signed with ESDC.

Under those agreements, RESP promoters must agree to track and report to the Minister of ESDC, all RESP financial activities in compliance with the CESP system Interface Transaction Standards (ITS). This includes transfer transactions that are reported in the RT 400 transaction. See Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).

With respect to RESP transfers, RESP promoter responsibilities include:

- understanding the conditions for an ‘eligible’ transfer with respect to the CESG, CLB and provincial incentives and communicating this information to the subscriber;
- completing the applicable RESP transfer forms (HRSDC SDE 0088, 0089 and 0090) each time a transfer occurs, using information provided by the subscriber;
- sharing information with other RESP promoters in order to successfully complete the transfer forms as well as the transfer transaction. This represents a critical part of the transfer process. Accurately completing the RESP transfer forms requires each RESP promoter to provide information, as authorized by the subscriber. Accurate and timely transfer transactions also ensure beneficiaries continue to be eligible for and receive the incentives for which they qualify;
- submitting transfer transactions to the CESP system in a timely manner and in compliance with ITS requirements;
- continuing to administer the RESP as required under the Income Tax Act (ITA); and
- administering and accounting for the CESG, CLB, and/or provincial incentives that have been received.

1.1.1. Responsibility for administering the incentives

Once the CESG, CLB and/or provincial incentives are paid into an RESP, the RESP promoter becomes responsible for administering these funds.

When incentives are transferred, the transferring and receiving RESP promoters must advise the CESP of the transferred amount(s) of CESG, CLB and/or provincial incentives administered by ESDC. This is accomplished by completing the RESP transfer forms and submitting the respective transactions to the CESP system according to ITS requirements. The responsibility for administering the incentives is transferred to the receiving RESP promoter.

If the CESP is not properly informed of the transfer transaction, the transferring RESP promoter remains responsible for administering the CESG, CLB and/or provincial incentives that have been paid into the RESP in respect of a beneficiary.
1.2. Responsibilities of the CESP

The main responsibility of the CESP, relative to transfers, is to track the CESG, CLB and/or provincial incentives administered by ESDC by receiving and processing transfer transactions submitted to the CESP system by RESP promoters.

Via the CESP system, the CESP will:

- accept and process transfer transactions;
- validate the RESP promoters’ records pertaining to the CESG, CLB and/or provincial incentives administered by ESDC, ensuring that information is maintained and has been accurately entered into the CESP system; and
- undertake compliance reviews to ensure:
  - promoters complete the transfer forms and share information with other promoters;
  - information is being submitted to and accepted by the CESP system; and
  - promoters accurately maintain their books and records to properly reflect all transfer transactions.

**Compliance reviews and the RESP transfer form**

CESP undertakes compliance reviews of the RESP promoters’ records and submission of information to the CESP system. This includes ensuring that the RESP transfer forms have been properly completed, signed and maintained in a record keeping system.
2. RESP accounts – what they accomplish

RESP promoters must create and maintain separate RESP accounts to administer the CESG, CLB, and/or provincial incentives. These accounts identify the value of each monetary component of the RESP.

An RESP may be comprised of the following accounts:

- assisted contributions made to the RESP by the subscriber
- unassisted contributions made to the RESP by the subscriber
- CESG
- CLB – maintained separately for each beneficiary
- provincial incentives – accounts maintained separately for each designated provincial program
- earnings

Account balances entered onto the RESP transfer forms must reflect the book value of RESP accounts.

When a financial transaction is processed in respect of a beneficiary, the funds are either deposited into or withdrawn from the appropriate RESP account depending on the purpose of the financial transaction. For example, contributions are deposited into the appropriate contribution account and the CESG (Basic & Additional) is deposited into the CESG account.

RESP accounts and the RESP transfer forms

The transferring RESP promoter must enter the appropriate (book value) balances for each of the RESP accounts onto RESP transfer forms.

See Appendix D: Forms index – education savings incentives, RESP transfer forms (HRSDC SDE 0088, 0089 and 0090).

RESP promoters must calculate the proportion of CESG and provincial incentives transferred between RESPs.* An example of how to perform this calculation is included in 4.1 Partial transfers, later in this chapter.

* The CLB is handled separately in the case of transfers.
3. Implications when transferring funds to another RESP

The RESP promoter must be aware of the various possible implications of making an RESP transfer and is responsible for communicating this information to the subscriber(s). These could include the following:

- Transfers are subject to ITA requirements and may have tax implications.
- Transfers must meet certain conditions to ensure the beneficiary’s continued eligibility for the education savings incentives.
- Transfers may impact contribution history and the effective date of the plan.

**Important Note!**

RESP transfers are not permitted once an accumulated income payment (AIP) has been made from the transferring RESP. See Chapter 3-3: Options for assets remaining in the RESP.
3.1. Contribution history and potential tax penalties

Under the ITA, transfers of funds between RESPs are generally not restricted.

However, the Canada Revenue Agency (CRA) may consider contributions previously made to the transferring plan as contributions made to the receiving plan on the original contribution dates. This could result in overcontributions and applicable tax penalties.

Unless the transfer meets one of the following conditions, the receiving plan will assume the contribution history of the transferring plan and may incur tax penalties:

<table>
<thead>
<tr>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>The transferring and receiving plans have a common beneficiary.</td>
</tr>
<tr>
<td>OR</td>
</tr>
<tr>
<td>A beneficiary in the receiving plan is a sibling of a beneficiary in the</td>
</tr>
<tr>
<td>transferring plan.</td>
</tr>
<tr>
<td>AND</td>
</tr>
<tr>
<td>The receiving plan is a family plan.</td>
</tr>
<tr>
<td>OR</td>
</tr>
<tr>
<td>A beneficiary of the receiving plan is a sibling of a beneficiary in the</td>
</tr>
<tr>
<td>transferring plan.</td>
</tr>
<tr>
<td>AND</td>
</tr>
<tr>
<td>The receiving plan is an individual plan.</td>
</tr>
<tr>
<td>AND</td>
</tr>
<tr>
<td>The beneficiary of the receiving plan was under 21 years of age when</td>
</tr>
<tr>
<td>the receiving plan was entered into.</td>
</tr>
</tbody>
</table>

**Age limit for adding beneficiaries to family plans**

Beneficiaries must either be less than 21 years old when named to a family plan or they must have been beneficiaries under another family plan immediately before being added. See **Chapter 1-4 Registered Education Savings Plans, 4.2. Family plans.**
Determining if a transfer could have tax implications

Subscriber requests RESP Transfer

Is there a common beneficiary in both plans? No

Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan? No

Yes

Is the receiving plan a family plan? Yes

Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into? Yes

Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications

No

Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications

Beneficiary’s age when the receiving plan was entered into

If the receiving plan has already received a transfer from another RESP, the effective date of the receiving plan could be earlier than the date on which the subscriber actually opened this plan. After receiving a transfer, the effective date of the receiving plan (the date on which the plan is deemed to have been entered into) is the earliest effective date of the two plans involved in the transfer. See 3.7 Earliest effective date of the plan later in this chapter.

Failure to meet the above conditions may result in overcontributions and may require the subscriber(s) to pay penalty taxes. See Chapter 1-4: Registered Education Savings Plans (RESPs), 5. Overcontributions.

It is important for the RESP promoter to communicate to the subscriber the possible consequences of transferring funds. A transfer that does not meet the conditions stipulated above may:

- result in an overcontribution for the beneficiary, which may incur a tax penalty on each subscriber’s share of overcontributions that are not withdrawn; and
- reduce lifetime RESP limits, even if overcontributions are withdrawn.
Transferring plan - A
- Effective date prior to transfer: April 2, 1998
- Type of plan: family plan with siblings only
- Incentives paid in plan: Basic CESG only
- Beneficiaries: Carl and Janet

Receiving plan - B
- Effective date prior to transfer: January 10, 2011
- Type of plan: family plan with cousins
- Incentives offered by the promoter: Basic CESG only
- Beneficiaries: Harry, Suzan and Bob

The subscriber of plan A requested the transfer on January 21, 2011. Janet and Bob are siblings in the transferring and receiving plans. The receiving plan B was opened on January 10, 2011 when Bob was 30 years old. Bob was allowed to be named to the family plan B when he was older than 21 because he was already named in another family RESP at that time.

This transfer would not have tax implications because:
- Bob (receiving plan) is a sibling of Janet and Carl (transferring plan); and
- the receiving plan is a family plan.

Example: contribution history and potential tax penalties

- Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?
  - Yes
    - Is the receiving plan a family plan?
      - Yes
        - Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications
      - No
        - Is there a common beneficiary in both plans?
          - Yes
            - Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications
          - No
            - Subscriber requests RESP Transfer
              - Is there a common beneficiary in both plans?
                - Yes
                  - Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications
                - No
                  - Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?
                    - Yes
                      - Contribution history of the transferring plan WILL NOT BE applied to the receiving plan and the transfer WILL NOT have tax implications
                    - No
                      - Subscriber requests RESP Transfer
3.2. Transfer conditions for the education savings incentives

Transfers will be considered ‘ineligible’ in respect of all education savings incentive(s) administered by ESDC unless the transfers comply with conditions stipulated in:

- *Canada Education Savings Regulations*; and
- provincial regulations and agreements for provincial incentives administered by ESDC.

For an eligible transfer of education savings incentives:

- RESP transfers must meet all of the conditions for an eligible transfer of each incentive administered by ESDC; and
- the receiving plan must support all of the conditions for receiving these incentives.

### When the receiving promoter does not offer an incentive

The receiving plan must support all of the conditions for receiving all of the incentives included in the RESP transfer. For example, a promoter must enter into an agreement with ESDC and pass industry testing before they can submit transactions for a particular incentive to the CESP.

For additional information, see the following headings later in this chapter:

- 3.4. Making pre-transfer repayments to avoid ineligible transfers
- 3.5. When the receiving promoter does not offer Additional CESG
- 3.6. When the receiving promoter does not offer CLB

If conditions for an eligible transfer are not satisfied for any of the incentives administered by ESDC, all of these incentives (CESG, CLB and/or provincial incentives administered by ESDC) must be repaid to ESDC. For more information, see [3.3 Ineligible transfers and repayments](#) later in this chapter.

### Eligibility for the incentives and the RESP transfer forms

Both the transferring and receiving RESP promoters must be aware of the conditions affecting eligibility for the CESG, CLB and/or provincial incentives administered by ESDC.

By reviewing the *transfer eligibility information* in the RESP transfer form the RESP promoter helps to ensure that the beneficiary continues to be eligible for the incentives for which they have already been qualified.

See Appendix D: Forms index – education savings incentives, RESP transfer forms (HRSDC SDE 0088, 0089 and 0090).
3.2.1. Conditions for an eligible transfer of the CESG

The following conditions must be satisfied for an eligible transfer of CESG:

<table>
<thead>
<tr>
<th>AND</th>
<th>The transferring and receiving plans have a common beneficiary.</th>
</tr>
</thead>
<tbody>
<tr>
<td>OR</td>
<td>A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.</td>
</tr>
<tr>
<td>AND</td>
<td>The receiving plan is a family plan.</td>
</tr>
<tr>
<td>OR</td>
<td>A beneficiary of the receiving plan is a sibling of a beneficiary in the transferring plan.</td>
</tr>
<tr>
<td>AND</td>
<td>The receiving plan is an individual (non-family) plan.</td>
</tr>
<tr>
<td>AND</td>
<td>The beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into.</td>
</tr>
<tr>
<td>AND</td>
<td>The receiving plan is an individual (non-family) plan or a family plan in which all beneficiaries are siblings.</td>
</tr>
<tr>
<td>OR</td>
<td>No Additional CESG has been paid into the transferring plan.</td>
</tr>
<tr>
<td>AND</td>
<td>The receiving plan complies with all conditions applicable to registering education savings plans (ESPs) since January 1, 1999, as required by the ITA.</td>
</tr>
</tbody>
</table>

See also 3.5. *When the receiving promoter does not offer Additional CESG*, later in this chapter.
Determining if conditions for an eligible transfer of CESG are satisfied

1. **Subscriber requests RESP Transfer**

2. **Is there a common beneficiary in both plans?**
   - **No** → **Ineligible Transfer**
   - **Yes**

3. **Is the receiving plan a family plan?**
   - **No** → **Ineligible Transfer**
   - **Yes**

4. **Is the receiving plan a family plan?**
   - **No**
   - **Yes** → **Are all beneficiaries in the receiving plan siblings?**

5. **Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?**
   - **No** → **Ineligible Transfer**
   - **Yes** → **Has Additional CESG been paid into the transferring plan?**

6. **Is the receiving plan an individual plan or a family plan with siblings only?**
   - **No** → **Ineligible Transfer**
   - **Yes** → **Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1999, as required by the Income Tax Act?**

7. **Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?**
   - **No** → **Ineligible Transfer**
   - **Yes** → **Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1999, as required by the Income Tax Act?**

8. **Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1999, as required by the Income Tax Act?**
   - **Yes** → **Eligible Transfer of CESG**
   - **No** → **Ineligible Transfer**
Example 1: conditions for an eligible transfer of CESG

Transferring plan - A
- Effective date prior to transfer: April 2, 1998
- Type of plan: family plan with siblings only
- Incentives paid in plan: CESG
- Beneficiaries: Maxim and Dianne

Receiving plan - B
- Effective date prior to transfer: January 10, 2005
- Type of plan: individual plan
- Incentives offered by promoter: All incentives administered by ESDC
- Beneficiary: Joel

The subscriber of plan A requested the transfer on September 15, 2011 when Joel was 30 years old. Maxim, Dianne and Joel are siblings and plan B was opened on January 10, 2005 when Joel was 24 years old.

The transfer is ineligible for CESG because Joel was not less than 21 years old when plan B was entered into. The promoter must use January 10, 2005, plan B’s effective date prior to the transfer, to determine if Joel was less than 21 when this plan was entered into. For additional information, see 3.7 Earliest effective date of the plan later in this chapter.

As the transfer is ineligible, the lesser of plan A’s fair market value and the incentive accounts (CESG) of plan A must be repaid.
Example 2: Conditions for an eligible transfer of CESG

Transferring plan - A
- Effective date prior to transfer: April 2, 1998
- Type of plan: family plan with siblings only
- Incentives paid in plan: Basic CESG only
- Beneficiaries: Carl and Janet

Receiving plan - B
- Effective date prior to transfer: January 10, 2011
- Type of plan: family plan with cousins
- Incentives offered by promoter: Basic CESG only
- Beneficiaries: Harry, Suzan and Bob

The subscriber of plan A requested the transfer on January 21, 2011. Janet and Bob are siblings in the transferring and receiving plans. The receiving plan B was opened on January 10, 2011 when Bob was 30 years old. Bob was allowed to be named to the family plan B when he was older than 21 because he was already named in another family RESP at that time.

This is an eligible transfer for CESG.
3.2.2. Conditions for an eligible transfer of the CLB

The following conditions must be satisfied for an eligible transfer of CLB:

- The transferring and receiving plans have a common beneficiary. If the CLB is transferred, it must be between CLB accounts in an RESP held for the same beneficiary.

- If the receiving plan is a family plan, all beneficiaries are siblings.

- The receiving plan complies with all conditions applicable to registering education savings plans (ESPs) since January 1, 1999, as required by the ITA.

See also 3.6. **When the receiving promoter does not offer CLB**, later in this chapter.
Determining if conditions for an eligible transfer of CLB are satisfied

- Subscriber requests RESP Transfer
- Is there a common beneficiary in both plans? No -> Ineligible Transfer
- Yes
- Is the receiving plan an individual plan? No -> Ineligible Transfer
- Yes
- Are all beneficiaries in the receiving plan siblings? No -> Ineligible Transfer
- Yes
- Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1999, as required by the Income Tax Act? No -> Ineligible Transfer
- Yes
- Eligible Transfer of CLB
Transferring plan - A
- Effective date prior to transfer: January 12, 2005
- Type of plan: family plan with siblings only
- Incentives paid in plan: CESG (Basic and Additional) and CLB (for Sarah)
- Beneficiaries: Sarah and Jonathan

Receiving plan - B
- Effective date prior to transfer: August 9, 2011
- Type of plan: family plan with cousins
- Incentives offered by promoter: All incentives administered by ESDC
- Beneficiaries: Nancy, Joel and Sarah

The subscriber of plan A requested the transfer on September 7, 2011. This is not an eligible transfer for CLB because the receiving plan beneficiaries are not all siblings. Therefore, the lesser of plan A’s fair market value and the incentive account balances (CESG and CLB) in plan A must be repaid.

CLB repayments do not affect the lifetime CLB entitlement of a beneficiary. Sarah could be named in another RESP after CLB amounts, paid to Sarah in plan A, are repaid to ESDC. Sarah could then receive her accumulated CLB entitlements in the new RESP and these entitlements would include any repaid CLB amounts.

The CLB could also be left in plan A in order to avoid an ineligible transfer. In that case, no repayment of CESG or CLB would be required. For additional information, see 4.1 Partial transfers later in this chapter.
3.2.3. Conditions for an eligible transfer of SAGES

The following conditions must be satisfied for an eligible transfer of SAGES:

- The transferring and receiving plans have a common beneficiary.
- OR
  - A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.
    - AND
      - The receiving plan is a family plan.
    - OR
      - A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.
    - AND
      - The receiving plan is an individual (non-family) plan.
    - AND
      - The beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into.
- AND
- If the receiving plan is a family plan, all beneficiaries are siblings.
- AND
- The receiving plan complies with all conditions applicable to registering ESPs since January 1, 1999, as required by the ITA.
- AND
- The receiving plan promoter offers SAGES.
Determining if conditions for an eligible transfer of SAGES are satisfied

1. Subscriber requests RESP Transfer
2. Is there a common beneficiary in both plans? No → Ineligible Transfer
   Yes →
3. Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan? No → Ineligible Transfer
   Yes →
4. Is the receiving plan a family plan? No →
   Yes → Are all beneficiaries in the receiving plan siblings? No → Ineligible Transfer
5. Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into? No → Ineligible Transfer
   Yes →
6. Does the receiving plan promoter offer SAGES? No →
   Yes →
7. Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1995, as required by the Income Tax Act? No → Ineligible Transfer
   Yes → Eligible Transfer of SAGES
Transferring plan - A
- Effective date prior to transfer: May 3, 2010
- Type of plan: family plan with siblings only
- Incentives paid in the plan: CESG and SAGES
- Beneficiaries: Jacob and Debrah

Receiving plan - B
- Effective date prior to transfer: August 10, 2013
- Type of plan: individual plan
- Incentives offered by promoter: All incentives administered by ESDC
- Beneficiary: Ryan

The subscriber of plan A requested the transfer on January 23, 2014. Jacob, Debrah and Ryan are siblings. Plan B was opened on August 10, 2013 when Ryan was 16 years old.

This transfer is eligible for SAGES because Ryan is a sibling of a beneficiary in the transferring plan and he was less than 21 years old when plan B was entered into.
3.2.4. Conditions for an eligible transfer of BCTESG

The following conditions must be satisfied for an eligible transfer of BCTESG:

The transferring and receiving plans have a common beneficiary.

OR

A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.

AND

The receiving plan is a family plan.

OR

A beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan.

AND

The receiving plan is an individual (non-family) plan.

AND

The beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into.

AND

If the receiving plan is a family plan, all beneficiaries are siblings.

AND

The receiving plan complies with all conditions applicable to registering ESPs since January 1, 1999, as required by the ITA.

AND

The receiving plan promoter offers BCTESG.
Determining if conditions for an eligible transfer of BCTESG are satisfied

Subscriber requests RESP Transfer

Is there a common beneficiary in both plans?

No

Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

No

Ineligible Transfer

Yes

Is the receiving plan a family plan?

Yes

Are all beneficiaries in the receiving plan siblings?

Yes

Ineligible Transfer

No

Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

Yes

Ineligible Transfer

No

Does the receiving plan promoter offer BCTESG?

Yes

Ineligible Transfer

No

Does the receiving plan comply with all conditions applicable to registering ESPs since January 1, 1999, as required by the Income Tax Act?

Yes

Eligible Transfer

No

Ineligible Transfer
Chapter 3–1: RESP Transfers and the Education Savings Incentives

Example:
Conditions for an eligible transfer of BCTESG

Transferring plan - A
- Effective date prior to transfer: August 3, 2009
- Type of plan: family plan with siblings only
- Incentives paid in the plan: CESG and BCTESG
- Beneficiaries: Jordan and Jessica

Receiving plan - B
- Effective date prior to transfer: January 10, 2013
- Type of plan: individual plan
- Incentives offered by promoter: All incentives administered by ESDC
- Beneficiary: Rodney

The subscriber of plan A requested the transfer on November 16, 2015. Jordan, Jessica and Rodney are siblings. Plan B was opened on January 10, 2013 when Rodney was 19 years old.

This transfer is eligible for BCTESG because Rodney is a sibling of a beneficiary in the transferring plan and he was less than 21 years old when plan B was entered into.
3.3. Ineligible transfers and repayments

If the conditions for an eligible transfer are not satisfied and the transfer is allowed to occur, the transferring promoter must repay the lesser of the following amounts to ESDC:

(a) the total of the balance in the CESG account, the balance of all provincial incentive accounts administered by ESDC and the balance of all of the CLB accounts of the transferring RESP immediately before the time of the ineligible transfer, and

(b) the fair market value, immediately before the transfer, of the property held in connection with the transferring RESP.

Note: It may be possible to repay only the incentives that do not satisfy all conditions for an eligible transfer under the pre-transfer repayment policy (see 3.4. Making pre-transfer repayments to avoid ineligible transfers later in this chapter).

Example: Ineligible transfers and repayments

A subscriber initiated an RESP transfer in order to invest the funds with another RESP promoter. However, when the transfer forms were completed it was determined that this transfer would not satisfy the conditions for an eligible transfer. Even after being advised of the consequences by the transferring promoter, the subscriber decided to continue with the transfer. The transferring promoter must submit the required repayment transaction for this ineligible transfer to the CESP system.
3.4. Making pre-transfer repayments to avoid ineligible transfers

Effective October 1, 2015, the CESP implemented a policy that allows RESP promoters to repay an incentive, prior to a transfer, to avoid conditions that would result in an ineligible transfer.

Previous to this policy, an incentive deemed ineligible for a transfer would have caused the repayment of all incentives in the transferring RESP that are administered by ESDC. The transferring promoter would have repaid these incentives with a repayment reason 04 (ineligible transfer). Under the pre-transfer repayment policy, only the incentives that do not satisfy all conditions for an eligible transfer must be repaid prior to the transfer, and therefore allows the remaining eligible incentives to be transferred.

For example (see heading 3.4.4. Pre-transfer repayment example later in this chapter), the transferring RESP may have already received SAGES payments. If the receiving promoter does not offer SAGES, the transfer would be ineligible if it included SAGES amounts. To avoid an ineligible transfer to the receiving promoter, the transferring promoter could repay the balance of the SAGES account prior to the transfer. This would allow for the eligible transfer of the remaining funds.

### If the receiving promoter does not offer Additional CESG or CLB

For additional information, see the following headings later in this chapter:

- 3.5. When the receiving promoter does not offer Additional CESG
- 3.6. When the receiving promoter does not offer CLB

3.4.1. Pre-transfer repayment process

The transferring promoter must follow these three steps to complete the pre-transfer repayment(s):

1. Confirm the transfer eligibility information provided by the receiving promoter.
2. Repay the incentive(s) which would otherwise cause a transfer to be ineligible.
3. Report the repayment of the ineligible incentive(s) using repayment reason 04 (ineligible transfer).

Once these steps are complete, the transferring promoter may then continue with the transfer of the remaining assets in the RESP as per the usual transfer process.
3.4.2. Pending grant

Before completing a transfer, there may be pending applications for incentives that would result in an ineligible transfer. If such an incentive is paid into the transferring RESP after the transfer has been completed, it must be repaid using repayment reason 04 (ineligible transfer).

Subsequent payments for pending applications of eligible incentives should be processed normally. For more information, see heading 3.4.4. Pre-transfer repayment example and heading 6.3. When there is a pending incentive later in this chapter.

3.4.3. Partial transfers

The CESG and provincial incentives must be transferred proportionately. This proportional transfer rule prevents any incentive, other than the CLB, from being “left behind”. The entire account balance of an ineligible incentive must be repaid prior to either a full or a partial transfer.

3.4.4. Pre-transfer repayment example

A subscriber would like to transfer 50% of the assets (excluding CLB) from a family RESP administered by promoter A to a new family RESP that is administered by promoter B. The transferring promoter A offers CESG (Basic and Additional), CLB and SAGES whereas the receiving promoter B offers only Basic CESG.

At the time of the transfer request, the transferring RESP had a fair market value of $1,700. There were also pending applications for CESG and SAGES as a result of a recent $100 contribution that was not yet processed by the CESP system. The transferring RESP had the following notional account balances at the time of the transfer request:

<table>
<thead>
<tr>
<th>Transferring RESP notional accounts</th>
<th>Account balances at the time of the transfer request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assisted contributions</td>
<td>$500</td>
</tr>
<tr>
<td>Unassisted contributions</td>
<td>$100 (pending receipt of grant)</td>
</tr>
<tr>
<td>CESG (Basic and Additional)</td>
<td>$200</td>
</tr>
<tr>
<td>CLB</td>
<td>$500</td>
</tr>
<tr>
<td>SAGES</td>
<td>$50</td>
</tr>
<tr>
<td>Earnings</td>
<td>$350</td>
</tr>
</tbody>
</table>

While promoter B does not offer SAGES, CLB or Additional CESG, this promoter agreed to administer the rules for Additional CESG and could therefore accept a transfer that included Additional CESG amounts. However, the partial transfer could not include either SAGES or CLB. To satisfy the proportional transfer rule and the required conditions for an eligible transfer, promoter A submitted a repayment transaction to the CESP system to repay the entire SAGES account balance ($50) even though the subscriber had requested a partial transfer. Promoter A also retained the entire CLB balance ($500) to avoid an ineligible transfer.
After promoter A entered the required $50 SAGES pre-transfer repayment transaction into their system, the RESP had a fair market value of $1,650 and the following notional account balances:

<table>
<thead>
<tr>
<th>Transferring RESP notional accounts</th>
<th>Account balances after the SAGES pre-transfer repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assisted contributions</td>
<td>$500</td>
</tr>
<tr>
<td>Unassisted contributions</td>
<td>$100 (pending receipt of grant)</td>
</tr>
<tr>
<td>CESG</td>
<td>$200</td>
</tr>
<tr>
<td>CLB</td>
<td>$500</td>
</tr>
<tr>
<td>SAGES</td>
<td>$0</td>
</tr>
<tr>
<td>Earnings</td>
<td>$350</td>
</tr>
</tbody>
</table>

Promoter A and B collaborated to complete transfer forms A, B and C and transferred the following amounts (50% partial transfer excluding CLB) to promoter B using the normal transfer process:

<table>
<thead>
<tr>
<th>Notional account</th>
<th>Amount transferred (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assisted contributions</td>
<td>$250</td>
</tr>
<tr>
<td>Unassisted contributions</td>
<td>$50 (pending receipt of grant)</td>
</tr>
<tr>
<td>CESG</td>
<td>$100</td>
</tr>
<tr>
<td>Earnings</td>
<td>$175</td>
</tr>
</tbody>
</table>

Promoter A indicated on transfer form C that there was a pending application for CESG at the time of the transfer.

In the month following the transfer, promoter A received a payment of $40 in CESG ($20 of Basic CESG and 20$ of Additional CESG) as a result of the pending CESG application. A payment of $10 in SAGES was also made to the RESP with promoter A as a result of the same $100 contribution. Since the new SAGES payment with promoter A would have resulted in an ineligible transfer, promoter A repaid the entire $10 SAGES amount (RT 400-21 using repayment reason 04). Also, since the new CESG payment with promoter A would not have resulted in an ineligible transfer, promoter A initiated the normal transfer process to transfer 50% of the pending grant amount ($20 in CESG to promoter B).

Promoter A amended the original transfer form C and sent a new copy to promoter B. This amended form indicated that $20 in CESG was transferred as a result of the pending CESG application that existed prior to the original transfer. Since promoters A and B must update the assisted and unassisted contribution notional account balances in their systems to take the new CESG payment into account, the amended transfer form C must also indicate that $50 of unassisted contributions in the original transfer should now be considered assisted contributions in the receiving RESP.

Both promoters A and B submitted new transfer transactions to the CESP system to report the transfer of $20 that was paid for the pending CESG application.
3.5. When the receiving promoter does not offer Additional CESG

If the receiving promoter does not offer Additional CESG and the transferring RESP has received Additional CESG, for the transfer to be eligible, the receiving promoter must agree to ensure that:

- all beneficiaries named under the receiving RESP are siblings;
- any additional beneficiaries named to the RESP after the transfer are siblings of every other beneficiary named under the RESP; and
- the presence of the Additional CESG in the RESP is reported in subsequent transfers.

Refusing to administer the rules of Additional CESG (see above)

If the receiving promoter does not offer Additional CESG and Additional CESG was paid into the transferring RESP, the transfer would be ineligible unless the receiving promoter agrees to administer the above rules (See Area IV of transfer form B).

For an ineligible transfer, the transferring promoter must repay the lesser of:

1. the balance of the CESG account of the receiving RESP immediately before the individual becomes a beneficiary; and
2. the fair market value of the property held in connection with the receiving RESP.

Adding a beneficiary to a siblings-only plan after an eligible transfer

If an eligible transfer included Additional CESG from the transferring plan and, afterwards, a beneficiary who is not a sibling is added to the receiving plan, the lesser of the following amounts must be repaid to ESDC:

1. the balance of the CESG account of the receiving RESP immediately before the individual becomes a beneficiary; and
2. the fair market value of the property held in connection with the receiving RESP immediately before the individual becomes a beneficiary.
Example: When the receiving promoter does not offer additional CESG

A subscriber initiated a transfer from an individual RESP “A” that had already received $100 in Additional CESG payments (but no other incentives), to a family RESP “B” administered by another promoter. While the receiving promoter of RESP “B” does not offer Additional CESG, all conditions for an eligible transfer were satisfied at the time of the transfer.

Two years after the transfer, the subscriber named another beneficiary to RESP “B”. However, the new beneficiary was not a sibling of the other beneficiaries.

Immediately before adding the new beneficiary, RESP “B” had a:

- CESG account balance of $1000; and
- a fair market value of $15,875.

Now that all beneficiaries in RESP “B” are no longer siblings, $1000 (the lesser of $1000 and $15,875) must be repaid to ESDC.

Submitting the repayment transaction to the CESP

In the above example, the promoter would submit a transaction to the CESP system with the following information:

- Record Type 400, Transaction Type 21 (Grant repayment)
- Repayment Reason = 08 (Ceases to meet sibling only condition)
- Grant Amount = $1000 (CESG amount to repay)

Repayment amounts reported to the CESP for a particular promoter are subtracted from the total amount of incentives that the CESP would otherwise pay to the promoter each month. For more information, see Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).
3.6. When the receiving promoter does not offer CLB

A transfer is ineligible if it includes CLB amounts and the receiving RESP promoter does not offer CLB. If such a transfer is allowed to occur, the lesser of the following amounts must be repaid to ESDC:

(a) the total of the balance in the CESG account, the balance of all provincial incentive accounts administered by ESDC and the balance of all of the CLB accounts of the transferring RESP immediately before the time of the ineligible transfer; and

(b) the fair market value, immediately before the transfer, of the property held in connection with the transferring RESP.

Impact of CLB repayments on lifetime CLB entitlements

Repayment of CLB is not like a repayment of other incentives because it does not affect the lifetime CLB entitlement for a beneficiary. A beneficiary could be named in a different RESP to receive any CLB amounts that had been repaid from that beneficiary’s CLB accounts in other RESPs.

To avoid repaying all incentives due to an ineligible transfer of CLB, a subscriber could choose to exclude CLB amounts in a transfer.

Subscribers can transfer all, part or none of the CLB

Transfer of CLB is not like the transfer of other incentives because subscribers can choose to transfer all, part or none of the CLB.

Example: When the receiving promoter does not offer CLB

A subscriber requested a transfer from Maxim’s individual RESP “A” with a fair market value of $1,285, which included $800 in CLB and $200 in CESG. The receiving RESP “B” (for Maxim and his sister Sarah) is administered by another promoter that does not offer CLB.

The transfer would be ineligible if Maxim’s CLB was included in the transfer to RESP “B” because this promoter does not offer CLB. In this case, $1000 (the combined value of the CESG and CLB account balances in RESP “A”) is less than $1,285 (the fair market value of RESP “A”). Therefore, $1000 would have to be repaid. The $800 of CLB repayments could be eventually paid back into another RESP for Maxim. However, the $200 CESG repayment would reduce Maximum’s lifetime CESG limit from $7,200 to $7,000.

To avoid an ineligible transfer that results in incentive repayments, the subscriber could choose to exclude the $800 CLB amount and transfer only $200 in CESG to RESP “B”. There were two options for the remaining $800 in CLB. It could be left in the original RESP “A” or transferred at a later date to another RESP for Maxim, that offers CLB.
3.7. Earliest effective date of the plan

According to the ITA, after an RESP transfer occurs, the earliest effective date of the two plans must be used to determine the following for the receiving plan:

- when contributions to the RESP must end
- when AIPs can start
- when the RESP must be terminated
- the age of a beneficiary when the receiving plan was entered into

**Beneficiary’s age when the receiving plan was entered into**

One eligibility criterion for transfers to an individual plan is the age of a sibling in the receiving plan when the receiving plan was entered into. For an example, see 3.2.1 Conditions for an eligible transfer of the CESG earlier in this chapter.

If no previous transfers have been made into the receiving plan:

- use the date the receiving plan was actually opened to determine how old the beneficiary was when the receiving plan was entered into.

If the receiving plan has already received a transfer from another plan:

- use the earliest effective date of the receiving plan prior to the next transfer, to determine the beneficiary’s age when the receiving plan was entered into.
Example: Earliest effective date of the plan

The following table lists the dates on which subscribers actually signed 3 new RESP contracts:

<table>
<thead>
<tr>
<th>RESP</th>
<th>Type</th>
<th>Opening date on signed contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Family</td>
<td>April 2, 1998</td>
</tr>
<tr>
<td>B</td>
<td>Individual</td>
<td>January 10, 2005</td>
</tr>
<tr>
<td>C</td>
<td>Individual</td>
<td>August 4, 2004</td>
</tr>
</tbody>
</table>

Transfer from A to B:

On November 1, 2011, there was a transfer from RESP A to RESP B.

To determine if the sibling in plan B was less than 21 years old when plan B was entered into, the promoter must use the effective date of plan B prior to the transfer. For an eligible transfer from A to B, the sibling would have to have been less than 21 years old on January 10, 2005.

After the transfer from RESP A to RESP B, April 2, 1998 becomes the effective date of plan B because this is earlier than the actual date on which plan B was opened. After this transfer, April 2, 1998 would be used to determine:

- when contributions to plan B must end;
- when AIPs can start from plan B;
- when plan B must be terminated; and
- the age of a beneficiary when the receiving plan was entered into.

Transfer from C to B:

On November 30, 2011, there was a transfer into plan B from plan C.

However, as there was a previous transfer into plan B, the effective date of plan B prior to the transfer from plan C was April 2, 1998. For an eligible transfer from C to B, the beneficiary would have to have been less than 21 years old on April 2, 1998.

After this transfer, the effective date of plan B would remain at April 2, 1998, because this date is earlier than the effective date of plan C.
4. Types of transfers

If the terms of a subscriber’s contract allow for it, a subscriber can choose to make a full or partial transfer of the property in the RESP. The type of transfer will determine how the RESP promoters will manage the funds in each education incentives account (CESG, CLB, and provincial incentives accounts). In the case of a full transfer:

- the transferring RESP promoter transfers all monies in the transferring RESP (contributions, earnings, and education savings incentives in the RESP) to the receiving plan; and
- the receiving RESP promoter will then ensure monies are deposited into the corresponding accounts in the RESP.

4.1. Partial transfers

If only a portion of the property in the RESP is transferred, then:

- the transferring RESP promoter must calculate and transfer the equal portion of the contributions, earnings, CESG, and provincial incentives to the receiving plan. (An example is provided below; See 4.1.1 Step 1 – Determining the proportion of amounts to be transferred.)
  
  The CLB is excluded from this calculation.
- the receiving RESP promoter will then ensure monies are deposited into the corresponding accounts in the RESP.

The CLB must be isolated if included in a transfer

The subscriber can choose to transfer all, part, or none of the CLB when making a partial transfer. The CLB does not have to be transferred in the same proportions as other assets in the plan. Because the CLB is an entitlement for a specific child, the CLB is excluded when calculating the market value of the RESP to determine proportions.

When any CLB amounts are being transferred, they must be deposited to the account in respect of the beneficiary who originally received the CLB payment(s).

Isolating the amount of CLB in this manner allows ESDC to continue tracking the CLB entitlements for each eligible beneficiary.
4.1.1. Step 1 – determining the proportion of amounts to be transferred

In many cases, RESP promoters’ systems are set up to automatically calculate the proportion of contributions, earnings, CESG, and/or provincial incentives that will be included in a partial transfer.

However, it is helpful to understand the process for determining the correct proportion of CESG and provincial incentives accounts that must be transferred, as follows:

1. Determine the market value of the plan.

2. Calculate what percentage of the plan’s market value is represented by the requested transfer amount, using the following formula.

\[
\frac{\text{Requested transfer amount}}{\text{RESP market value}} = \text{Proportional percentage}
\]

For example, if the subscriber wishes to transfer $1,950 to another RESP and the current RESP market value is $7,500, then the above equation would be populated as follows:

\[
\frac{1,950}{7,500} = 26%
\]

In this example, the requested transfer amount of $1,950 represents 26% of the plan’s current value.

3. Apply this percentage (or proportion) to each account in the RESP (except the CLB account).

\textit{Remember! The CLB is not included when calculating market value of the RESP when determining proportions to be transferred.}

When monies are transferred from one RESP to another, the transferring RESP promoter must debit out the amounts from the accounts in the transferring RESP.

The RESP promoter of the receiving plan must then ensure that the monies are credited into the corresponding accounts in the receiving RESP. This maintains the integrity of the balances in all accounts for both RESPs. For more information see \textit{7. An Overview of the transfer process}, at the end of this chapter.
4.1.2. Step 2 – calculating the proportion of the CESG and the provincial incentives

Based on the previous example, note how the proportion of the CESG and the provincial incentives to be transferred is determined:

**Calculating the CESG and provincial incentives proportions**

In this example, the accounts in the transferring RESP look like this:

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>Provincial incentive</th>
<th>CLB</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 7,500</td>
<td>$ 1,150</td>
<td>$ 4,500</td>
<td>$ 500</td>
<td>0</td>
<td>$ 1,350</td>
</tr>
</tbody>
</table>

**Requested partial transfer amount:** $ 1,950

**Proportion of RESP:** $ 1,950 / $ 7,500 = 26%

The transferring RESP promoter must use this percentage (26%) to calculate the value of each account held in the RESP:

- Earnings x 26% = $ 299
- Contributions x 26% = $ 1,170
- Provincial Incentive x 26% = $ 130
- CESG x 26% = $ 351

**Total amount of transfer** = $ 1,950

The transferring RESP promoter will transfer $1,950 to the receiving RESP promoter identified by the subscriber.

**Populating proportional amounts onto the RESP transfer forms**

Based on the above example the following amounts would be entered onto the RESP transfer forms:

<table>
<thead>
<tr>
<th>Account balances and market value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unassisted contributions</td>
</tr>
<tr>
<td>$ 0</td>
</tr>
</tbody>
</table>

**Remember!** While the amount of CESG and provincial incentive will be in proportion to the total value of funds transferred, the CLB is accounted for separately. The subscriber can choose to transfer all, part or none of the CLB at the time of the transfer. If they do transfer the CLB, it must be attributed to the beneficiary for whom it was directed and meet specific conditions governing its transfer.

See **3. Implications when transferring funds to another RESP** and **3.2. Transfer conditions for the education savings incentives** earlier in this chapter. See also **Chapter 2-3: The Canada Learning Bond (CLB)**.
4.1.3. Example of a partial transfer – when there is a loss in the plan

In the following example, the Book Value of the plan is $2,000. However, the plan has suffered a loss of $400 and there are no earnings in the plan. Therefore, based on the account balances, and taking into account the $400 loss, the Market Value of the plan is $1,600.

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>Provincial incentive</th>
<th>CLB</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,600</td>
<td>$(400)</td>
<td>$1,000</td>
<td>$0</td>
<td>$500</td>
<td>$500</td>
</tr>
</tbody>
</table>

Requested partial transfer amount: $800 (of the market value)

Proportion of RESP: $800 / $1,100* = 72.727%

* The CLB of $500 is not included when calculating the market value to determine its proportion with relation to the RESP. Therefore, the denominator of $1,100 above reflects the RESP Market Value of $1,600 less $500 (which is $1,100).

The transferring RESP promoter must use this percentage (72.727%) to calculate the value of each account held in the RESP:

- Earnings = $0
- Contributions x 72.727% = $727.27
- CESG x 72.727% = $363.63

** The difference between the RESP Book Value of the transfer ($1,090.90) and the market value of the requested transfer ($800) is $290.90. This is equal to 72.727% of the $400 loss. Therefore, the loss is accommodated in the transfer.
Populating proportional amounts onto the RESP transfer forms

Based on the above example the following amounts would be entered on the RESP transfer form:

<table>
<thead>
<tr>
<th>Account balances and market value:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unassisted Contributions</td>
<td>$0</td>
</tr>
</tbody>
</table>

Remember! While the amount of CESG and provincial incentive will be in proportion to the total value of funds transferred, the CLB is accounted for separately. The subscriber can choose to transfer all, part or none of the CLB at the time of the transfer. If they do transfer the CLB, it must be attributed to the beneficiary for whom it was directed and meet specific conditions governing its transfer.

See 3. Implications when transferring funds to another RESP and 3.2. Transfer conditions for the education savings incentives earlier in this chapter. See also Chapter 2-3: The Canada Learning Bond (CLB).

4.1.4. Partial transfers subject to transfer conditions

Partial transfers are subject to the same transfer conditions as full transfers. The RESP Transfer must comply with all conditions applicable to the CESG, CLB and/or provincial incentives to ensure it is an ‘eligible’ transfer with respect to the incentive.

Confirm the transfer meets all transfer conditions

If the transfer does not meet the conditions for any one of the incentives transferred, all incentives must be repaid to ESDC (this includes the CLB as well). For more detailed information, see 3. Implications when transferring funds to another RESP and 3.2 Transfer conditions for the education savings incentives earlier in this chapter.

5. Transfer forms

It is mandatory to complete transfer forms each time an RESP transfer occurs, even if the transferring and receiving RESPs are administered by the same promoter. These forms are used to:

- request and record the transfer of funds from one RESP to another;
- facilitate the required exchange of information between RESP promoters;
- ensure compliance with legislative requirements in order to retain the CESG, CLB and/or provincial incentives in the RESP account; and
- collect the information that must be submitted electronically to the CESP system via an RT 400 financial transaction.

Subscribers and promoters work together to complete these forms and process transfer requests.
5.1. Forms overview

The following three forms must be completed for each RESP transfer:

- **Form A – Subscriber**  
  (HRSDC SDE 0088)
- **Form B – Receiving promoter**  
  (HRSDC SDE 0089)
- **Form C – Relinquishing (transferring) promoter**  
  (HRSDC SDE 0090)

You can download all of these forms, with guidelines for completing them, from the "Forms" tab of the [Canada.ca/RESPresources](http://Canada.ca/RESPresources) Web page.

A transfer can proceed only after all of the following forms have been completed by the appropriate parties:

- subscriber completes form A
- receiving promoter completes form B
- transferring promoter completes form C

The process begins when the subscriber completes form A. The transferring and receiving promoters must collaborate to complete form B and C and they must also share all completed forms.

5.2. Once the forms have been completed

Once RESP Transfer Forms are completed by both the receiving and transferring RESP promoters, they must enter the information into their respective electronic systems based on their internal procedures. This information must then be sent to the CESP via the RT 400 financial transaction. See also Chapter 1-3: The CESP System and Interface Transaction Standards (ITS), 4. Submitting information to CESP.
6. Guidelines for successful transfers

The following checklist is designed to help each RESP promoter take the necessary steps to ensure a successful transfer process.

Promoters are required to:

- complete their portion of the transfer form;
- share all necessary and accurate information with the other promoters;
- process the transfers in their systems and properly update notional accounts;
- report the transfers to the CESP in the format required by the CESP system ITS; and
- correct any transactions that are rejected due to errors.

See Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).

6.1. Mandatory fields and ITS requirements

When information is submitted electronically to the CESP system, each information element must conform to the ITS (e.g., its format, type, and number of characters per field).

All RESP promoters are responsible for ensuring that the information collected on the RESP transfer forms is accurate and compliant with CESP requirements.

6.2. Transfer transaction types

Each RESP promoter must submit transfer transactions to the CESP system. These transactions are reported in the RT 400 record; however, each RESP promoter must submit a specific Transaction Type. This will indicate the Transfer Out and Transfer In information.

- **Transfer out transaction**: The transferring RESP promoter submits an RT 400-23.

- **Transfer in transaction**: The receiving RESP promoter submits an RT 400-19.
6.3. When there is a pending incentive

When submitting transfer transactions (RT 400) to the CESP system, both the transferring and receiving promoters must submit accurate amounts for all incentives being transferred. Information for a particular transfer can be submitted in a single transaction or in multiple transactions.

If there are pending incentive payments when the transfer is initiated, the transferring and receiving promoters must collaborate to ensure that complete and accurate information is submitted to the CESP once these pending incentives have been paid.

The transferring promoter remains responsible for administering the pending incentives paid into the RESP in respect of a beneficiary until this information has been successfully submitted to the CESP in a transfer transaction.

6.4. Processing transfer transactions

The CESP system generates and sends two types of transaction reports to the RESP promoters’ Head Office at the end of each processing run (monthly). These reports are designed to verify the status of all the transfer transactions submitted to the CESP by RESP promoters and include:

- processed transfer transactions which report successfully processed transactions
- rejected transfer transactions which report transactions with errors that must be corrected

6.4.1. Processed transfer transactions

Processed transfer transactions are included in the Transaction Processing Report. This acknowledges that the transaction has passed all formatting and business rules.

6.4.2. Rejected transfer transactions

Rejected transfer transactions are included in the Transaction Error Report at the end of every monthly production run. This error report will include notice that validation has failed or information submitted is missing, incorrect, or incorrectly formatted. The rejected transaction must be corrected and resubmitted.

For more information about CESP system Record Types and Error Codes, see Chapter 1-3: The CESP system and Interface Transaction Standards (ITS).
7. An overview of the transfer process

The following represents an overview of the steps required to transfer RESP funds, along with related responsibilities.

To undertake the RESP transfer process:

**Subscriber(s):**

1. The subscriber requests the RESP promoter to transfer RESP funds, identifying:
   - the amount to be transferred; and
   - the name of the receiving financial institution (Receiving RESP promoter).

**Transferring RESP promoter:**

2. The transferring promoter confirms that an AIP has not been made from the RESP.

   *Note: RESP property cannot be transferred if an AIP has been made.*

3. The transferring promoter confirms the conditions for an “eligible” transfer of education savings incentives with the subscriber. See **3. Implications when transferring funds to another RESP** and **3.2 Transfer conditions for the education savings incentives** earlier in this chapter.

4. If it is a partial transfer, the transferring promoter undertakes the calculations required to determine the proportion of CESG and/or provincial incentives* to be transferred. See **4.1 Partial transfers** earlier in this chapter.

   *Note: The CLB is not included in this calculation. The subscriber will identify the amount of CLB to be transferred for each specific beneficiary, if any.*

**Subscriber(s) and RESP promoters:**

5. The subscriber(s) and the RESP promoter gather and/or provide the information necessary to transfer the funds and complete the RESP transfer forms (HRSDC SDE 0088, 0089 and 0090).

   See **5. Transfer forms** earlier in this chapter.

**RESP promoters:**

6. The RESP promoters obtain all of the required signatures on the transfer forms. It is suggested that the forms be completed and signed in duplicate.

7. The RESP promoters retain the signed versions of the RESP transfer forms and file according to the organization’s record keeping procedures.

8. The RESP promoters submit transfer transactions electronically to CESP.

   - Transfer out transactions: RT 400-23
   - Transfer in transactions: RT 400-19

For more information, see **6. Guidelines for successful transfers** earlier in this chapter.
CESP:

9. The CESP accepts and processes transfer transactions from RESP promoters via the CESP system. See 6. Guidelines for successful transfers and 6.4. Processing transfer transactions earlier in this chapter.
An educational assistance payment (EAP) is a payment from a Registered Education Savings Plan (RESP) to help an eligible beneficiary cover expenses associated with post-secondary education. An EAP consists of educational incentive amounts paid into a RESP, as well as the income earned on contributions and incentive amounts. The education savings incentives currently administered by Employment and Social Development Canada (ESDC) include:

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

To be eligible for an EAP, the beneficiary must be enrolled in a qualifying educational program at a post-secondary educational institution.

See Appendix C for a list of acronyms and terms used in this guide.
1. Defining post-secondary education

When RESP beneficiaries are ready to attend post-secondary education, they may qualify for EAPs to help pay for related educational expenses.

In order to be eligible for an EAP, a beneficiary must be enrolled in a qualifying post-secondary educational program at a post-secondary educational institution.

Qualifying “post-secondary educational programs” and “post-secondary educational institutions” are defined by the Canada Revenue Agency (CRA).

1.1. Qualifying educational programs – full-time studies

For EAP purposes, full-time studies (qualifying educational programs) require at least 10 hours of instruction or work each week for the duration of the program.

Instruction or work might include all forms of direct instruction, such as lectures, practical training, laboratory work, or time spent on research for a thesis.

The minimum course duration for full-time studies depends on the type of program and whether or not the educational institution is in Canada, as shown in the table below.

<table>
<thead>
<tr>
<th>Type of educational institution</th>
<th>Location of educational institution</th>
<th>Minimum duration of course (consecutive weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities</td>
<td>In Canada</td>
<td>3 weeks</td>
</tr>
<tr>
<td></td>
<td>Outside of Canada</td>
<td></td>
</tr>
<tr>
<td>Other post-secondary educational institutions</td>
<td>In Canada</td>
<td>3 weeks</td>
</tr>
<tr>
<td></td>
<td>Outside of Canada</td>
<td>13 weeks</td>
</tr>
</tbody>
</table>
1.2. Specified educational programs – part-time studies

As of 2007, a payment may also be qualified as an EAP at the time it is made, if the beneficiary is at least 16 and is enrolled part-time as a student in a specified educational program.

A specified educational program means a program at a post-secondary school level that is not less than three consecutive weeks in duration and that requires each student taking the program to spend not less than 12 hours per month on courses in the program.

1.3. Distance learning

For the purposes of an EAP, distance learning encompasses the use of technology and other delivery methods to provide off-site instruction and learning.

Beneficiaries taking distance education courses must meet the following two conditions to qualify for an EAP:

- Be enrolled in either a **qualifying educational program** (full-time) or **specified educational program** (part-time) as defined above.
- Be enrolled as a student at a post-secondary institution (see 2. Post-secondary educational institutions below).

For more information about programs, enrolment and study options, contact the CRA Individual Income Tax Enquiries Line at 1-800-959-8281.
2. Post-secondary educational institutions

A post-secondary educational institution for the purposes of an EAP can be one of the following:

- a university, college or other educational institution in Canada designated by a provincial authority under the Canada Student Loans Act;
- a university, college or other educational institution in Canada designated by an appropriate authority under the Canada Student Financial Assistance Act;
- a university, college or other educational institution in Canada designated by the province of Quebec under an Act respecting financial assistance for education expenses;
- an educational institution in Canada certified by the Minister of ESDC to be an educational institution providing courses (other than courses designed for university credit) that furnish a person with skills for, or improve a person's skills in, an occupation; or
- a university, college, or other educational institution outside Canada that provides courses at a post-secondary school level.

The post-secondary educational institution must satisfy one of the criteria above to be eligible for EAP purposes. It is the promoter's responsibility to examine all relevant authorities to verify if an educational institution is recognized for EAP purposes.

2.1. Educational institutions recognized for EAP purposes

To verify if a particular educational institution in Canada is designated under the Canada Student Loans Act or the Canada Student Financial Assistance Act, please contact your provincial or territorial student financial assistance office. To obtain the contact information for the student financial assistance office in your area, please contact Service Canada at 1-800-O-CANADA (1-800-622-6232) or visit ESDC's Web page at the following link:

Provincial and territorial student financial assistance offices.

The Canada Student Loans Program of ESDC produces a Master List of Designated Educational Institutions. All provinces, with the exception of the Northwest Territories, Nunavut, and the province of Quebec, participate in the Canada Student Loans Program. For more information regarding this list, please visit ESDC's Web page at the following link:

List of designated educational institutions.

For information regarding eligible post-secondary educational institutions in the province of Quebec, please contact Quebec's Loans and Bursaries Program at 1-877-643-3750 or visit their Web page at the following link:

Student Financial Assistance.
To verify if a particular educational institution in Canada has been certified by the Minister of ESDC, please contact ESDC's Certification Program at 1-866-517-5650 or visit their webpage at the following link:

List of certified institutions.

Please note that educational institutions (EI), whether public or private, do not need to be certified by ESDC if they have already been designated by a province for the purposes of student financial assistance. To check if a specific EI is registered under provincial or territorial legislation or policy, visit ESDC's Web page at the following link:

Provincial or territorial authorities.

The CRA individual income tax enquiries line can provide information regarding eligible educational institutions within Canada as well. Please contact one of the following numbers:

- 1-800-959-8281 (English)
- 1-800-959-7383 (French)

Eligible educational institutions outside of Canada do not have to be on a list for EAP purposes. In order for an EAP to be paid out, the educational institution must provide courses at a post-secondary school level and the beneficiary must have been enrolled in a course of not less than 13 consecutive weeks. After 2010, an EAP can be paid to a beneficiary enrolled at a university outside Canada on a full-time basis in a course of not less than three consecutive weeks.

3. EAPs

An EAP is a payment from an RESP to help an eligible beneficiary cover expenses associated with post-secondary education.

An EAP is comprised of amounts from specific accounts in the RESP, including RESP earnings and any incentives received by the beneficiary, as illustrated below.

\[ \text{EAP} = \text{Earnings} + \text{Federal Incentives} + \text{Provincial Incentives} \]

Provincial incentives

Provincial incentives are payments to an RESP through a designated provincial program. At this time, there are four designated provincial programs with the following provincial incentives:

- SAGES
- BCTESG
- Quebec Education Savings Incentive (QESI)
3.1. Can incentives and earnings in the plan be shared?

Specific rules govern the sharing of incentives and earnings, depending on the type of incentive and the type of plan, as summarized in the table below:

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Family plans</th>
<th>Group plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share incentive?</td>
<td>Share earnings?</td>
</tr>
<tr>
<td>Basic CESG</td>
<td>Yes, with cousins or siblings</td>
<td>No</td>
</tr>
<tr>
<td>Additional CESG</td>
<td>Yes, with siblings only</td>
<td>No</td>
</tr>
<tr>
<td>CLB</td>
<td>No</td>
<td>Yes, with siblings only</td>
</tr>
<tr>
<td>SAGES</td>
<td>Yes, with siblings or cousins*</td>
<td>No</td>
</tr>
<tr>
<td>BCTESG</td>
<td>Yes, with siblings only</td>
<td>No</td>
</tr>
</tbody>
</table>

The Additional CESG, CLB, SAGES and BCTESG amounts can be paid only into individual plans or family plans in which all beneficiaries are siblings.

*While SAGES can only be paid into a sibling-only plan, a cousin can be added to the plan without having to repay the SAGES already in the RESP.*

For more information, refer to the relevant chapter in Section 2: Education savings incentives.

3.2. Income for the beneficiary

The beneficiary must claim the EAP as income; however, depending on the beneficiary’s circumstances, there may not be a requirement to pay any taxes on this amount. The RESP promoter issues a T4A slip for income tax purposes.

3.3. The RESP promoter’s responsibility

The RESP promoter’s responsibilities include the following:

- Confirm that beneficiaries qualify for an EAP (See following section).
- Respect the limits associated with EAPs.
- Calculate the portion of EAP, which is attributable to each of the related accounts (earnings and incentives).
- Make and verify the EAP.
- Inform beneficiaries, in writing, of the amount(s) of incentive(s) they are receiving with each EAP, and the obligation of beneficiaries to repay any CESG and CLB portion of an EAP to which they are not entitled to, including any portion of an EAP attributable to CESG that exceeds $7,200.
3.4. Confirm beneficiaries qualify for an EAP

Before making an EAP, the RESP promoter is responsible for confirming that beneficiaries qualify by obtaining proof of enrolment at a post-secondary educational institution in one of the following programs:

- Qualifying educational program, or
- Specified educational program

See 1.1 Qualifying educational programs – full-time studies and 1.2 Specified educational programs – part-time studies earlier in this chapter.

See 5. Processing an EAP request – six month grace period later in this chapter.

An RESP promoter is not required to obtain receipts from a beneficiary as proof of expenses before making an EAP. The RESP promoter determines whether the EAP helps further the beneficiary’s education, whether it is reasonable, and whether the payment complies with requirements of the Income Tax Act (ITA) and the terms of the plan.

On August 12, 2008, a yearly EAP threshold of $20,000, indexed annually by the Consumer Price Index, was established by CRA to assist promoters in determining the reasonableness of an EAP request. The CRA will not question legitimate EAP requests below $20,000, nor will the promoters be expected to assess the reasonableness of each expense item, as long as the conditions permitting an EAP are met.

CRA has updated RESP Bulletin No. 1R1 with the following annual EAP threshold limits indexed to 2019.

<table>
<thead>
<tr>
<th>Year</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$23,976</td>
</tr>
<tr>
<td>2018</td>
<td>$23,460</td>
</tr>
<tr>
<td>2017</td>
<td>$23,113</td>
</tr>
<tr>
<td>2016</td>
<td>$22,794</td>
</tr>
<tr>
<td>2015</td>
<td>$22,501</td>
</tr>
<tr>
<td>2014</td>
<td>$22,125</td>
</tr>
<tr>
<td>2013</td>
<td>$21,928</td>
</tr>
<tr>
<td>2012</td>
<td>$21,498</td>
</tr>
<tr>
<td>2011</td>
<td>$20,912</td>
</tr>
<tr>
<td>2010</td>
<td>$20,623</td>
</tr>
<tr>
<td>2009</td>
<td>$20,500</td>
</tr>
</tbody>
</table>

For more information, see the following CRA Web address:

RESP Bulletin No. 1R1.
The Association of Registrars of the Universities and Colleges of Canada (ARUCC) is pleased to provide Canadian universities and colleges with access to the approved Verification of Enrolment Form.

The form may be used by Canadian universities and colleges to provide their students with the verification of enrolment information needed when requesting an EAP.

The RESP Verification of Enrolment Form was approved for use by ESDC, the CRA, the Canadian Bankers Association (CBA), the Investment Dealers Association (IDA), the Investment Funds Institute of Canada (IFIC) and the Registered Education Savings Plan Dealer's Association of Canada (RESPDAC). The form may be found on The Association of Registrars of the Universities and Colleges of Canada webpage at the following link:

Registered Education Savings Plan Verification of Enrolment Form
4. EAP limits

An EAP can only be used to pay actual post-secondary educational expenses. Therefore, there are specific limits on the amount of EAPs.

These limits depend on post-secondary enrolment criteria (i.e. how long the beneficiary has been enrolled) and on whether the RESP was opened before or after 1998.

4.1. Full-time studies – $5,000 EAP limit for first 13 weeks

*During the first 13 weeks of enrolment in full-time studies,* for plans entered into after 1998, the maximum amount of EAPs that can be made to a beneficiary is normally the lesser of $5,000 and the total allowable expenses. See also *5.1.1 Full-Time Studies – EAPs in Excess of $5,000* later in this chapter.

*After completing 13 consecutive weeks of full-time studies* in a qualifying educational program, the maximum amount of EAPs that can be made to a beneficiary is the total allowable expenses, provided that the beneficiary continues to be eligible for such payments. See *3.4. Confirm Beneficiaries Qualify for an EAP* above.

If there is a 12-month period during which the beneficiary is not enrolled in a qualifying educational program for 13 consecutive weeks, the $5,000 limit will once again apply.

*Note:* Contributions withdrawn by the subscriber while a beneficiary qualifies for EAPs are not included in this $5,000 limit.

The total amount of EAPs made to the individual under the RESP (and other RESPs of the same promoter) in the first 13 consecutive weeks of enrolment, cannot exceed the limit of $5,000. Therefore, if a beneficiary has multiple RESPs with a single promoter, the $5,000 limit applies across all plans held with that promoter. However, the limit does not apply across plans held by different promoters.

**Example**

Sandra has been enrolled for the past two years as a full-time student in a post-secondary education program that qualifies for an EAP.

- In September of her first academic year, Sandra could only receive a maximum amount of $5,000 in EAPs because she was not enrolled in the previous 12 months.
- In September of her second consecutive academic year, the $5,000 limit no longer applies because she was enrolled for at least 13 consecutive weeks in the previous 12 month period.
4.2. Part-time studies – $2,500 EAP limit for the 13 weeks preceding payment

For the 13-week period of enrolment in part-time studies preceding the payment of an EAP, the maximum amount of EAP that can be paid to a beneficiary is the lesser of $2,500 and the total of all allowable expenses. See also 5.1.2. Part-Time Studies – EAPs in Excess of $2,500 later in this chapter.

Note: Contributions withdrawn by the subscriber while a beneficiary qualifies for EAPs are not included in this $2,500 limit.

The total amount of EAPs made to the individual under the RESP (and other RESPs of the same promoter) in the preceding 13-week period cannot exceed the limit of $2,500. Therefore, if a beneficiary has multiple RESPs with a single promoter, the $2,500 limit applies across all plans held with that promoter. However, the limit does not apply across plans held by different promoters.

Example 1

Jane (17 years old) is a RESP beneficiary in an individual (non-family) plan, enrolled in a part-time post-secondary program for a total of 26 weeks which involves 16 hours of courses per month. Jane satisfies the required conditions for a specified educational program because:

- Jane is at least 16 years old.
- She is studying at a post-secondary level.
- The program is not less than 3 consecutive weeks.
- There are no less than 12 hours of courses per month.

The actual educational expense for the program is $6000 and the subscriber would like to request the following EAP payments for Jane on the dates shown.

<table>
<thead>
<tr>
<th>Date</th>
<th>Sept 10</th>
<th>Oct 22</th>
<th>Dec 17</th>
<th>Feb 4</th>
<th>Mar 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAP requested</td>
<td>$1000</td>
<td>$200</td>
<td>$1,300</td>
<td>$1,200</td>
<td>$1,300</td>
</tr>
<tr>
<td>Approve EAP request?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

Promoters must assess each EAP request individually to determine whether it exceeds the $2500 limit for part-time studies.

Sept 10: The request for $1,000 on September 10 is approved because it does not exceed the $2,500 limit. (There were no previous EAP requests).

Oct 22: The request for $200 on October 22 is approved because only two EAP requests are within a 13 week period and their sum ($1000 + $200 = $1,200) does not exceed $2,500.

Dec 17: The request for $1300 on December 17 is approved because only two EAP requests are within a 13 week period and their sum ($1300 + $200 = $1,500) does not exceed $2,500.

Feb 4: The request for $1200 on February 4 is approved because only two EAP requests are within a 13 week period and their sum ($1300 + $1,200 = $2,500) does not exceed $2,500.
Mar 10: The request for $1,300 on March 10 is refused because there were already two EAP payments (total of $2,500) in the past 13 weeks. Beneficiaries can request EAPs greater than $2,500. See 5.1.2 Part-Time Studies – EAPs in Excess of $2,500 later in this chapter.

Example 2
John is an eligible beneficiary enrolled in a 26-week program of part-time studies costing $5,000. He requests an EAP payment of $2,000 in week 1 and is paid this amount because it does not exceed $2,500. In week 15 John is eligible for another EAP payment of $2,500. He would like to request the balance of his tuition which is $3,000. As this would exceed the $2,500 limit for part-time studies, John could request an EAP amount of $2,500 and if there are contributions in the RESP, ask the subscriber for the remaining $500 in a PSE contribution withdrawal. An alternative would be to make a request to the Minister to receive an EAP for the full amount of $3,000. See 5.1.2. Part-Time Studies – EAPs in Excess of $2,500 later in this chapter.

4.3. EAP limits for RESPs opened before 1998

Different EAP rules may apply to those RESPs opened before 1998 which were not amended to comply with the ITA amendments of January 1, 1999.

These RESPs existed before the CESG was introduced and are considered to be “grandfathered”. Rules applying to “grandfathered” RESPs entered into before 1998 may include the following:

- Some plans may permit EAPs for part-time studies – without any restrictions.
- For some plans, there is no limit on the amount of the EAP during the first thirteen weeks of a qualifying post-secondary educational program.

For more information contact the CRA Registered Plans Directorate at 1-800-267-3100.
5. Processing an EAP request

The RESP promoter is responsible for verifying each EAP request under or over $5,000, whether it is the beneficiary's first or last one, to ensure that the beneficiary is eligible for the EAP. The process for obtaining and approving each EAP request is as follows:

**Beneficiary:**
1. Must be enrolled* as a student in a qualifying program at a designated post-secondary educational institution.

**Subscriber:**
2. Contacts the RESP promoter and requests the EAP.

**RESP Promoter:**
3. Verify whether the beneficiary is enrolled* as a student in a qualifying program in a designated post-secondary educational institution recognized by the CRA.

   See 1. Defining post-secondary education and 2. post-secondary educational institutions earlier in this chapter.

4. Verify whether the amount requested covers valid educational expenses which will help the beneficiary further their education.

   The RESP promoter's organization may have established guidelines or policies with respect to acceptable educational expenditures.

5. Verify how long the beneficiary was enrolled as a student to determine if any limits will be applied to the EAP request. See 4. EAP Limits later in this chapter.

   If there is a 12-month period when the beneficiary was not enrolled in a qualifying educational program, the $5,000 limit will apply once again.

6. Calculate the EAP.

   When an EAP is requested, there are specific rules that determine how the EAP is calculated. These rules are necessary to track payments from the RESP, in case repayment of all or a portion of the incentive account is required. 6. Calculating the EAP, below.

7. Inform beneficiaries, in writing, of the amount(s) of incentive(s) they are receiving with each EAP, and the obligation of beneficiaries to repay any CESG and CLB portion of an EAP to which they are not entitled to, including any portion of an EAP attributable to CESG that exceeds $7,200.

**Subscriber:**
8. Requests the return of their contributions, if desired.

   The subscriber can withdraw contributions without restrictions or give them to the beneficiary.

---

**Six-month grace period**

There is a six-month grace period for receiving an EAP which allows for more flexibility for a beneficiary to access RESP savings. Under this measure, an RESP beneficiary is eligible to receive an EAP for up to six months after ceasing to be enrolled in a qualifying program, provided that the beneficiary would have qualified while still enrolled.
5.1. Special requests for EAPs in excess of the $5,000 or $2,500 limits

5.1.1. Full-time studies – EAPs in excess of $5,000

*Note: Contributions are not included as part of an EAP.*

The Minister of ESDC may approve the payment of an EAP over the $5,000 limit, in response to a written request.

If the RESP promoter concludes that an EAP of over $5,000 during the first thirteen weeks of studies is required, then the promoter must follow this procedure:

1. Obtain a *Request for an Educational Assistance Payment (EAP) Over $5,000 from a Registered Education Savings Plan (RESP)* form and request the beneficiary to complete and sign this form.

   **Obtaining the required form**

   The above form and a related guideline document can be forwarded to RESP promoters via e-mail upon request. Requests can be made by:

   - **Telephone:** 1-888-276-3624
   - **E-mail:** cesp-pcee@hrsdc-rhdcc.gc.ca

2. Sign the form as a representative of the RESP promoter.

3. Mail the completed form to:

   Canada Education Savings Program, ESDC
   140 Promenade du Portage, Phase IV
   Gatineau, Quebec
   K1A 0J9

   *Note: Due to privacy concerns, this information should not be submitted electronically.*

4. CESP will review and either approve or deny the request. The promoter will receive a written reply of the CESP decision. Both the beneficiary and CRA’s Compliance Division will also be notified of the decision.
5.1.2. Part-time studies – EAPs in excess of $2,500

*Note*: Contributions are not included as part of an EAP.

The Minister of ESDC may approve the payment of an EAP over the $2,500 limit, in response to a written request.

If the RESP promoter concludes that an EAP of over $2,500 is required for a specific 13 week period, then the promoter must follow this procedure:

1. Obtain a **Request for an Educational Assistance Payment (EAP) Over $2,500 from a Registered Education Savings Plan (RESP)** form and request the beneficiary to complete and sign this form.

   **Obtaining the required form**

   The above form and a related guideline document can be forwarded to RESP promoters via e-mail upon request.

   Requests can be made by:

   * Telephone: 1-888-276-3624
   * E-mail: cesp–pcee@hrsdc–rhdcc.gc.ca

2. Sign the form as a representative of the RESP promoter.

3. Mail the completed form to:

   Canada Education Savings Program, ESDC
   140 Promenade du Portage, Phase IV
   Gatineau, Quebec
   K1A 0J9

   **Note**: Due to privacy concerns, this information should not be submitted electronically.

4. CESP will review and either approve or deny the request. The promoter will receive a written reply of the CESP decision. Both the beneficiary and CRA’s Compliance Division will also be notified of the decision.
### 6. Calculating the EAP

An EAP includes a portion from each of the following RESP notional accounts if they are available to the beneficiary receiving the EAP:

- accumulated income (earnings)
- CESG, including Additional CESG
- CLB
- provincial incentives  
  (accounts maintained for each designated provincial program)

#### Provincial incentives

An RESP promoter must be able to track transactions associated with each of the designated provincial programs that the promoter delivers to the public.

For example:

- Promoters delivering SAGES will have RESP accounts to track all activities associated with SAGES.
- Promoters delivering BCTESG will have RESP accounts to track all activities associated with BCTESG.
- Promoters delivering the QESI will have RESP accounts to track all activities associated with QESI.

RESP contributions are the subscriber’s property. Contributions withdrawn when a beneficiary is eligible for an EAP (post-secondary education contribution withdrawals) are not included in EAP amounts.

#### Notional accounts of an RESP

<table>
<thead>
<tr>
<th>Used in educational assistance payments</th>
<th>Subscriber’s property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated income</td>
<td>Assisted contributions</td>
</tr>
<tr>
<td>CESG (Basic and Additional)</td>
<td>Unassisted contributions</td>
</tr>
<tr>
<td>CLB (per beneficiary)</td>
<td></td>
</tr>
<tr>
<td>Provincial incentives (per designated provincial program)</td>
<td></td>
</tr>
</tbody>
</table>
6.1. The EAP calculation process

EAP formulas determine how much to withdraw from RESP accounts when a promoter makes an EAP. These formulas result in the same proportion being taken from each RESP account available to the beneficiary receiving an EAP.

The RESP promoter takes the following steps to calculate EAP payments:

1. Determine if the RESP includes accumulated income.
2. Determine amounts available to the beneficiary.
3. Calculate EAP portions to withdraw from each available account.

6.1.1. Determine if the RESP includes accumulated income

Promoters must use different EAP formulas depending on whether or not there is accumulated income (earnings) in the plan. Therefore, the first step in the EAP calculation process is to determine if there is accumulated income.

RESP notional accounts are the book value of an RESP, which may not reflect the actual value of plan assets. An RESP has accumulated income when the current fair market value of RESP assets is greater than the combined total of the following RESP accounts:

- assisted contributions
- unassisted contributions
- CESG
- CLB
- all provincial incentives

6.1.2. Determine amounts available to the beneficiary

As there is only one beneficiary in an individual plan, accumulated income and all incentive amounts in individual plans are available for an EAP.

In family plans, the following amounts could be available for a single beneficiary receiving an EAP from the plan:

- accumulated Income
- all CESG amounts (includes Basic and Additional CESG)
- all SAGES amounts
- all BCTESG amounts
- only the CLB account balance for the beneficiary receiving the EAP

Sharing of other provincial incentives in family plans

The sharing of a provincial incentive may or may not apply for other designated provincial programs. Consult the provincial authority.
Residency requirements for an EAP

CRA determines residency status for tax purposes. Beneficiaries can study outside of Canada and still be considered by CRA as residents of Canada. For more information, contact CRA at 1-800-959-8281 (English) or 1-800-959-7383 (French).

Promoters must consider a beneficiary’s residency status to determine whether or not an RESP notional account is available for an EAP.

- **Accumulated income (earnings):** If a beneficiary is enrolled in a qualifying program, earnings may be included in an EAP even if the beneficiary is not a resident of Canada when the EAP is made. Consult CRA for more information.
- **CESG:** To receive CESG in an EAP, the beneficiary must be a resident of Canada when the EAP is made.
- **CLB:** To receive CLB in an EAP, the beneficiary must be a resident of Canada when the EAP is made.
- **SAGES:** To receive SAGES in an EAP, the beneficiary must be a resident of Canada when the EAP is made.
- **BCTESG:** If a beneficiary is enrolled in a qualifying program, BCTESG may be included in an EAP payment, even if the beneficiary is not a resident of Canada when the EAP is made.
- **Other provincial incentives:** Consult the provincial authority for EAP residency criteria.
### 6.1.3. Calculate EAP portions to withdraw from each available account

The RESP promoter uses the following formulas to calculate EAP portions attributable to each incentive amount available in an RESP. Note that these formulas differ if there has been a loss in the plan (no accumulated income).

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Formulas for calculating EAP incentive portions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RESP with earnings</td>
<td>RESP with no earnings</td>
</tr>
<tr>
<td>CESG</td>
<td>( \frac{(A \times F)}{(C - D - E)} )</td>
<td>( \frac{(A \times F)}{(B + F + G)} )</td>
</tr>
<tr>
<td>CLB</td>
<td>( \frac{(A \times B)}{(C - D - E)} )</td>
<td>( \frac{(A \times B)}{(B + F + G)} )</td>
</tr>
<tr>
<td>SAGES</td>
<td>( \frac{(A \times J)}{(C - D - E)} )</td>
<td>( \frac{(A \times J)}{(B + F + G)} )</td>
</tr>
<tr>
<td>BCTESG</td>
<td>( \frac{(A \times K)}{(C - D - E)} )</td>
<td>( \frac{(A \times K)}{(B + F + G)} )</td>
</tr>
<tr>
<td>Other provincial incentives</td>
<td>( \frac{(A \times Y)}{(C - D - E)} )</td>
<td>( \frac{(A \times Y)}{(B + F + G)} )</td>
</tr>
</tbody>
</table>

Where:

- **A** is the amount of the EAP.
- **B** is the balance in the beneficiary’s CLB Account of the RESP immediately before the EAP is made.
- **C** is the fair market value of the property held in connection with the RESP, determined immediately before the EAP is made.
- **D** is the total of all contributions made to the RESP before the EAP is made that have not been withdrawn.
- **E** is the total in all CLB Accounts of the other beneficiaries under the RESP immediately before the EAP is made.
- **F** is the balance in the CESG Account of the RESP immediately before the EAP is made.
- **G** is the total of all amounts paid into the RESP under a designated provincial program (total of all provincial incentive account balances in the RESP immediately before the EAP is made).
- **J** is the balance in the SAGES Account of the RESP immediately before the EAP is made.
- **K** is the balance in the BCTESG Account of the RESP immediately before the EAP is made.
- **Y** is the balance in another provincial incentive account of the RESP immediately before the EAP is made.

**Formulas for other provincial incentives**

Other provincial incentives could use formulas with different variable letters but achieve the same end results.
Calculations for a particular EAP must be performed using the same set of the above values for each amount available in an EAP. RESP accounts are updated to reflect the amounts deducted, only after EAP portions have been calculated for all of the available RESP amounts.

6.2. Understanding EAP formulas

EAP formulas help to ensure that promoters withdraw the same proportion from each of the RESP accounts available to the beneficiary for an EAP.

6.2.1. When the RESP has accumulated income

When promoters make an EAP, they must take the same proportion from each of the RESP accounts available for the beneficiary taking the EAP. For example, when there are accumulated earnings, the EAP formula (see 6.1.3 above) for the CESG amount is:

\[
\frac{(A \times F)}{(C - D - E)}
\]

Promoters can rearrange this formula into a \( [\text{proportion}] \times [\text{account balance}] \) format where the \( [\text{proportion}] \) is the same amount for all available accounts:

\[
\frac{A}{(C - D - E)} \times F
\]

Where:

- \( A \) is the amount of the EAP.
- \( C \) is the fair market value of the property held in connection with the RESP, determined immediately before the EAP is made.
- \( D \) is the total of all contributions made to the RESP before the EAP is made that have not been withdrawn.
- \( E \) is the total in all CLB Accounts of the other beneficiaries under the RESP immediately before the EAP is made.
- \( F \) is the balance in the CESG Account of the RESP immediately before the EAP is made.
The same proportion is taken from all available RESP accounts in an EAP.

Proportion to withdraw when there is accumulated income
When there is accumulated income, the proportion to withdraw from each available RESP account is equal to "A / (C – D – E)".

“(C – D – E)” is the result of taking contributions and the CLB of the other beneficiaries from the fair market value. In other words, this expression represents the amount available to a particular beneficiary for an EAP.

Maximum EAP amount when there is accumulated income
When there is accumulated income in the plan, the maximum EAP amount available to a particular beneficiary is equal to "(C – D – E)".

6.2.2. When the RESP has no accumulated income (loss in the plan)

When promoters make an EAP, they must take the same proportion from each of the RESP accounts available for the beneficiary taking the EAP. For example, when there are no accumulated earnings, the EAP formula (see 6.1.3 above) for the CESG amount is:

\[
\frac{A \times F}{B + F + G}
\]

Promoters can rearrange this formula into a [proportion] x [account balance] format where the [proportion] is the same amount for all available accounts:

\[
\frac{A}{(B + F + G)} \times F
\]

Where:

A is the amount of the EAP.

B is the balance in the beneficiary’s CLB Account of the RESP immediately before the EAP is made.

F is the balance in the CESG Account of the RESP immediately before the EAP is made.

G is the total of all amounts paid into the RESP under a designated provincial program (total of all provincial incentive account balances in the RESP immediately before the EAP is made).
The same proportion is taken from all available RESP accounts in an EAP.

### Proportion to withdraw when there is no accumulated income

When there is no accumulated income, the proportion to withdraw from each available RESP account is equal to \( \frac{A}{(B + F + G)} \).

\( (B + F + G) \) is the result of combining the CLB account for the beneficiary with the CESG account balance and the combined amounts of all provincial incentives. In other words, this expression represents the amount available to a particular beneficiary for an EAP.

### Maximum EAP amount available when there is no accumulated income

When there is no accumulated income in the plan, the maximum EAP amount available to a particular beneficiary is equal to \( (B + F + G) \).

If there is a significant loss in the plan, the fair market value could be less than this amount. In that situation, the maximum EAP amount available is the fair market value of the plan.
7. Calculating the incentive portions of the EAP – in an RESP with earnings

The following example is used to demonstrate how to calculate EAP payments when there is accumulated income in the plan.

**Example:**
Calculating an EAP when there are accumulated earnings

Phillip and Mark are brothers and are beneficiaries in a family plan. An **EAP of $3,500 (A)** is requested for Phillip. At the time of the EAP request, the market value of the RESP is **$48,000 (C)**, with accumulated earnings of $14,900. Before the EAP request, the CLB account balances were $2,000 for Phillip and $1,700 for Mark. The other RESP account balances are summarized below:

<table>
<thead>
<tr>
<th>CLB of others</th>
<th>Contributions</th>
<th>CESG</th>
<th>CLB of Phillip</th>
<th>SAGES</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(E)</td>
<td>(D)</td>
<td>(F)</td>
<td>(B)</td>
<td>(J)</td>
<td></td>
</tr>
<tr>
<td>$1,700</td>
<td>$23,000</td>
<td>$5,900</td>
<td>$2,000</td>
<td>$500</td>
<td>$14,900</td>
</tr>
</tbody>
</table>

**Letters to use for provincial incentives**

**G** is the total of all amounts paid into the RESP under a designated provincial program.

**J** is the balance in the SAGES account of the RESP immediately before the EAP is made.

In this example, there is only one provincial incentive which means **G = J = $500**.

7.1. Step 1 – determine if the RESP includes accumulated income

The fair market value of $48,000 is more than the sum of the following RESP accounts ($33,100):

- $23,000 = Assisted and unassisted contributions
- $5,900 = CESG
- $3,700 = CLB
- $500 = All provincial incentives

The difference between the fair market value ($48,000) and the above accounts ($33,100) is the accumulated income (earnings) of $14,900. This confirms that there is actually accumulated income in the plan at the time of the EAP.
7.2. Step 2 - determine amounts available to beneficiary

Before undertaking the required calculations, the RESP promoter must identify the total available assets from which the beneficiary’s EAP will be paid.

The CESG, CLB, SAGES, and earnings will be paid out in an EAP in proportion to their value in the RESP. (Contributions are not counted here as contributions remain the property of the subscriber and do not make up part of the EAP). Using the example above, these amounts would include:

- Total CESG: $5,900 (25%)
- Beneficiary’s CLB: $2,000 (9%)
- Total SAGES: $500 (2%)
- Total Earnings: $14,900 (64%)

Total: $23,300 (100%)

* Since the CLB is directed to a specific beneficiary, the beneficiary requesting the EAP is eligible for only the CLB paid on his or her own behalf.

Each amount is represented by the percentage of their value in the RESP. Once the calculations for each incentive available to the beneficiary have been completed, each portion of these accounts making up the EAP will be represented by the same percentages.

7.3. Step 3 – calculate EAP portions to withdraw from each available account

The following values are needed to calculate the EAP portion that must be taken from each available account (see 6.2.1 above):

- A = Amount of EAP $3,500
- C = RESP market value $48,000
- D = Total of all RESP contributions $23,000
- E = Total CLB – other beneficiaries $1,700 (Mark’s CLB account)

The proportion to take from each available RESP account is:

\[
\frac{A}{C - D - E} = \frac{3500}{(48,000 - 23,000 - 1,700)} = * 0.1502145
\]

The EAP portions to take from each account would be:

- CESG portion $5,900 × 0.1502145 = $886.26
- Beneficiary’s CLB portion $2,000 × 0.1502145 = $300.43
- SAGES portion $500 × 0.1502145 = $75.11
- Earnings portion $14,900 × 0.1502145 = $2,238.20

Total EAP $23,300 × 0.1502145 = $3,500

* Rounded for illustration purposes.
7.4. Breakdown of the EAP

Once the calculations have been completed, the value of each account making up the EAP can be compared with the value of these accounts in the RESP.

**Before the EAP**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CESG:</td>
<td>$ 5,900</td>
<td>(25%)</td>
</tr>
<tr>
<td>Beneficiary's CLB:*</td>
<td>$ 2,000</td>
<td>( 9%)</td>
</tr>
<tr>
<td>Total SAGES:</td>
<td>$  500</td>
<td>( 2%)</td>
</tr>
<tr>
<td>Total earnings:</td>
<td>$14,900</td>
<td>(64%)</td>
</tr>
<tr>
<td>Total:</td>
<td>$23,300</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

The EAP will be made up of these amounts in proportion to their value in the RESP. Notice how corresponding values in the EAP compare. For the sake of simplicity, the values below have been rounded to whole numbers.

**EAP amounts**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CESG portion</td>
<td>$  886</td>
<td>(25%)</td>
</tr>
<tr>
<td>CLB portion</td>
<td>$  300</td>
<td>( 9%)</td>
</tr>
<tr>
<td>SAGES portion</td>
<td>$    75</td>
<td>( 2%)</td>
</tr>
<tr>
<td>Earnings</td>
<td>$2,240</td>
<td>(64%)</td>
</tr>
<tr>
<td><strong>Total EAP</strong></td>
<td>$ 3,500</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

The above calculations demonstrated how to calculate the EAP when the RESP included accumulated earnings. The following pages will outline the process for calculating each incentive portion of the EAP when there are no accumulated earnings (there is a loss) in the RESP.
8. Calculating the incentive portions of the EAP – in an RESP without earnings

An RESP has no accumulated earnings when the fair market value is equal to or less than the total of the following RESP accounts (contributions and incentives):

- assisted contributions
- unassisted contributions
- CESG
- CLB
- all provincial incentives

All losses are first attributed to accumulated earnings and then to contributions. When losses have depleted the accumulated earnings and contributions to nil, then the remaining losses – if any – are considered to be attributed to the incentives. However, losses are not actually deducted from RESP accounts when making EAP calculations. Notional account values are updated, only after making an EAP, to reflect the actual amounts that were taken from each available account.

The following example is used to demonstrate how to calculate EAP payments when there is no accumulated income in the plan.

**Example:**
Calculating the EAP when there are no accumulated earnings

John is the RESP beneficiary in an individual (non-family) plan. An EAP of $2,000 (A) is requested for John. At the time of the EAP request, the market value of the RESP is $3,000 (C). Before the EAP request, the CLB account balance was $1,700 for John. The other RESP account balances are summarized below:

<table>
<thead>
<tr>
<th>CLB of others (E)</th>
<th>Contributions (D)</th>
<th>CESG (F)</th>
<th>CLB of John (B)</th>
<th>SAGES (J)</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$9,000</td>
<td>$2,300</td>
<td>$1,700</td>
<td>$200</td>
<td>$0</td>
</tr>
</tbody>
</table>

8.1. Step 1 – determine if the RESP includes accumulated income

The fair market value of the RESP ($3,000) is less than the combined value of contributions and incentive account balances ($13,200) for a loss of $10,200 at the time of the EAP. There is no accumulated income in this plan.

As losses are first attributed to accumulated earnings, the earnings account is set to $0.
8.2. Step 2 – determine amounts available to beneficiary

Before undertaking the required calculations, the RESP promoter must identify the total available assets from which the beneficiary’s EAP will be paid.

These amounts would include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary’s CLB:*</td>
<td>$ 1,700</td>
<td>(40%)</td>
</tr>
<tr>
<td>Total CESG:</td>
<td>$ 2,300</td>
<td>(55%)</td>
</tr>
<tr>
<td>Total SAGES:</td>
<td>$ 200</td>
<td>(5%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 4,200</strong></td>
<td><strong>(100%)</strong></td>
</tr>
</tbody>
</table>

* Since the CLB is directed to a specific beneficiary, the beneficiary requesting the EAP is eligible for only the CLB paid on his or her own behalf. As this is an individual plan, there is only one CLB account.

Once again, each amount is represented by a percentage of their value in the RESP. Once calculations for each incentive available to the beneficiary have been completed, each portion of these accounts making up the EAP will be represented by the same percentages.

8.3. Step 3 – calculate EAP portions to withdraw from each available account

The CLB, CESG, and SAGES will be paid out in an EAP in proportion to their value in the RESP.

The following values are needed to calculate the EAP portion that must be taken from each available account:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>A = Amount of EAP</td>
<td>$ 2,000</td>
</tr>
<tr>
<td>B = CLB of beneficiary taking EAP</td>
<td>$ 1,700</td>
</tr>
<tr>
<td>F = Total of CESG</td>
<td>$ 2,300</td>
</tr>
<tr>
<td>G = Total of all provincial incentives</td>
<td>$ 200</td>
</tr>
</tbody>
</table>

When there is no accumulated income, the proportion to take from each available RESP account is (see 6.2.2 above):

\[
\frac{A}{B + F + G} = \frac{2000}{1700 + 2300 + 200} = 0.4761904
\]

Therefore, the EAP portions to take from each account would be:

- CESG portion: $ 2,300 \times 0.4761904 = $ 1,095.24
- Beneficiary’s CLB portion: $ 1,700 \times 0.4761904 = $ 809.52
- SAGES portion: $ 200 \times 0.4761904 = $ 95.24

**Total EAP**: $ 4,200 \times 0.4761904 = $ 2,000

* Rounded for illustration purposes.
8.4. Breakdown of the EAP

Once the calculations have been completed, the value of each account making up the EAP can be compared with the value of these accounts in the RESP.

**Before EAP**

<table>
<thead>
<tr>
<th>Account</th>
<th>Value (CAD)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CESG</td>
<td>$2,300</td>
<td>(55%)</td>
</tr>
<tr>
<td>Beneficiary's CLB</td>
<td>$1,700</td>
<td>(40%)</td>
</tr>
<tr>
<td>Total SAGES</td>
<td>$200</td>
<td>(5%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,200</strong></td>
<td><strong>(100%)</strong></td>
</tr>
</tbody>
</table>

The EAP will be made up of these amounts in proportion to their value in the RESP. Notice how corresponding values in the EAP compare. (For the sake of simplicity, the values have been rounded to whole numbers).

**EAP amounts**

<table>
<thead>
<tr>
<th>Portion</th>
<th>Value (CAD)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CESG portion</td>
<td>$1,095</td>
<td>(55%)</td>
</tr>
<tr>
<td>CLB portion</td>
<td>$810</td>
<td>(40%)</td>
</tr>
<tr>
<td>SAGES portion</td>
<td>$95</td>
<td>(5%)</td>
</tr>
<tr>
<td><strong>Total EAP</strong></td>
<td><strong>$2,000</strong></td>
<td><strong>(100%)</strong></td>
</tr>
</tbody>
</table>

9. EAP Values reported to the CESP

When promoters process an EAP for a beneficiary, they must report the corresponding information electronically to the CESP (RT 400-13).

Requirements for these EAP transactions are specified in the CESP Interface Transaction Standards which can be downloaded from the Systems Documentation tab of the Canada.ca/RESPresources webpage.

Included with the various information that must be submitted in EAP transactions are the following amounts:

- EAP Amount
- EAP CESG Amount
- EAP CLB Amount
- EAP SAGES Amount
- EAP BCTESG Amount

CESP does not administer the QESI. Therefore, promoters are not required to report specific QESI amounts in EAP transactions reported to the CESP. However, if there are QESI amounts in an EAP, they must be included in the total EAP Amount reported to the CESP.

**Reporting other QESI data to the CESP**

Promoters must include all assets in RESPs when reporting the FMV of an RESP in their monthly summary reports (RT 700). As such, the FMV amount should include saving incentives from all sources present in the RESP, including the QESI if applicable.
Chapter 3-3
Options for assets remaining in the RESP

An educational assistance payment (EAP) is any amount, other than a refund of payments, paid out of a Registered Education Savings Plan (RESP) for a beneficiary attending post-secondary education.

Under certain circumstances, subscribers may need to make decisions about handling assets that may remain in the RESP after the beneficiary has completed their education or if the beneficiary chooses not to attend or complete post-secondary education. These assets may also include the following education savings incentives administered by Employment and Social Development Canada (ESDC):

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

This chapter is designed to assist the RESP promoter in describing options available to the subscriber for handling the RESP property – including earnings – that may still remain in the plan.

See Appendix C for a list of acronyms and terms used in this guide.

In this chapter

1. Option: When assets remain in the RESP ........................................ 3 – 3 – 2
2. Option: Distributing earnings if terminating the RESP .................... 3 – 3 – 3
3. Accumulated income payments ...................................................... 3 – 3 – 4
4. Rollover of RESP investment earnings to an RDSP ...................... 3 – 3 – 6
5. Rollover of RESP investment earnings to an RRSP .......................... 3 – 3 – 9
6. Payments to a designated educational institution .......................... 3 – 3 – 9
7. Forfeited CESG and earnings on the CESG in group plans ............ 3 – 3 – 10
1. Option: When assets remain in the RESP

If the beneficiary has completed post-secondary education, or has decided not to attend or complete post-secondary education, the plan may still hold contributions, earnings, and perhaps even the incentives paid into the plan by ESDC.

The RESP promoter can help the subscriber in choosing the most appropriate option for handling these remaining amounts, based on the subscriber’s circumstances.

Note: Certain options may impact the incentives in the plan requiring the CESG, CLB, SAGES and BCTESG to be repaid. Refer to the information about repaying the incentives in the related chapter(s) in Section 2: Education savings incentives.

1.1. Options for handling RESP property remaining in the RESP

Note the following options for distributing the property that may remain in the RESP:

- **Leave the money in the RESP** until the plan is terminated.

  The RESP must be terminated by the end of the 35th year (40th year in the case of a specified plan) after the year the plan was opened.

- **Replace the beneficiary**, if permitted under the terms and conditions of the plan.

  The replacement beneficiary must comply with the sibling-only requirement associated with Additional CESG, CLB and BCTESG. Otherwise, these incentives must be repaid. While SAGES can only be paid into a sibling-only plan, a cousin can be added to the plan without having to repay the SAGES already in the RESP.

- **Transfer the funds to another RESP**, if permitted under the terms and conditions of the plan.

  Regarding the incentives, the transfer must comply with conditions stipulated by the Income Tax Act (ITA), the Canada Education Savings Regulations, provincial regulations, agreements with the Government of Saskatchewan (with respect to SAGES) and agreements with the Government of British Columbia (with respect to BCTESG). Failure to comply with these conditions may require the repayment of incentives. For more information see Chapter 3-1: RESP transfers and the education savings incentives.

- **Terminate the plan** and select the desired option for distributing RESP earnings.
2. Option: Distributing earnings if terminating the RESP

Once the decision is made to terminate an RESP (whether by choice or because the plan has reached the end of its term), the subscriber has the following options for distributing any earnings that may remain in the RESP:

- Request an accumulated income payment (AIP).
- Request a rollover of RESP investment earnings to a Registered Disability Savings Plan (RDSP).
- Request a rollover of RESP investment earnings to a Registered Retirement Savings Plan (RRSP).
- Make a payment to a designated educational institution in Canada.

Contributions paid into an RESP are made with post-tax dollars; therefore they can be returned to the subscriber at any time without tax consequences, according to the terms of the RESP contract.

Regardless of the option selected, any incentives remaining in the RESP must be repaid. For more information about repaying the CESG, CLB, SAGES or BCTESG, refer to the appropriate chapter in Section 2: Education savings incentives.
3. Accumulated income payments

An AIP is a distribution of earnings from the RESP made to the subscriber. The AIP may include earnings on contributions and incentives, but it does not include the actual contributions or incentives themselves.

An AIP must be made to or for a single subscriber at a time for income tax purposes. For example, an AIP could not be made to a husband and wife as a single payment. However, separate AIP payments could be made from the same RESP – to a subscriber and joint subscriber.

An AIP is not:

- a repayment of contributions to the subscriber
- an EAP made to the beneficiary
- a repayment of the CESG, CLB, SAGES or BCTESG
- a payment to a designated educational institution in Canada
- a transfer to another eligible RESP

AIPs are taxable. For more information about related tax implications:

- contact the Canada Revenue Agency (CRA) Registered Plans Directorate at 1-800-267-3100;
- visit the Business Window, CRA Taxation Services Office; or
- visit CRA’s web site at www.cra-arc.gc.ca.

### AIPs and transfers

*A transfer to another RESP is not permitted if an AIP has been made from the transferring RESP.*

If a subscriber requests a transfer of funds to another RESP after an AIP has been made, the receiving RESP promoter cannot accept the transfer.

3.1. Conditions for an AIP

An RESP may allow for an AIP when *all* of the following conditions have been met:

- The subscriber is a resident of Canada.
  **AND**
- The payment is made to one subscriber of the plan.
  **AND**
- The plan has been open for ten (10) years and each individual who is or was a beneficiary is over 21 years of age and not eligible for an EAP.
  **OR**
- The plan is being closed by the end of the 35th year (40th year in the case of a specified plan) after the year the plan was opened.
  **OR**
- All beneficiaries have died.
Note: CRA may waive the conditions requiring that the plan exist for 10 years, and that each beneficiary be at least 21 years of age and ineligible to receive an EAP. For more information, contact the, Registered Plans Directorate, CRA at 1-800-267-3100.

3.2. When an AIP is made from an RESP

When an AIP is made from the RESP, certain rules must be followed:

- Remaining CESG, CLB, SAGES and BCTESG must be repaid.
- The RESP must be terminated by the end of February of the year after the year in which the first AIP is paid.
- The subscriber must report the AIP as taxable income.

3.2.1 Remaining incentives must be repaid

If an AIP is made from an RESP, the remaining CESG, CLB, SAGES and BCTESG must be repaid. The amount to be repaid is:

- The balance in the grant and/or bond account(s) at the time of the AIP.
  OR
- The fair market value of the property at the time of the AIP, whichever is less.

3.2.2 The RESP must be terminated

When an AIP is made from an RESP, it must be closed by the last day of February in the year following the year in which the first AIP is made. (See the illustration below).

2007
Sept 12 AIP
2008
Feb 28 Close RESP

(See the illustration below)
4. Rollover of RESP investment earnings to an RDSP

To provide greater flexibility to beneficiaries with disabilities, it may be possible to roll over the RESP investment income into an RDSP without incurring taxes, if certain conditions are met.

4.1. RESP – RDSP rollover conditions

The following conditions determine if a rollover of investment earnings from an RESP to an RDSP is permitted:

- Both RESP and RDSP are established for the same beneficiary.
- Both RESP and RDSP specimen plans must be approved by the Registered Plans Directorate, CRA:
  - The RDSP specimen plan must allow RESP rollovers;
  - The RESP specimen plan must allow AIPs and comply with the Income Tax Act, paragraph 146.1 (2) (i.1).

4.1.1. RDSP rollover conditions

The following conditions determine if a rollover of investment earnings from an RESP to an RDSP is permitted:

- The beneficiary is Disability Tax Credit (DTC) eligible at the time of the rollover.
- The beneficiary is less than 60 years of age in the year that the rollover is done.
- The beneficiary is a resident in Canada.
- The rollover amount cannot exceed the lifetime contribution limit.

4.1.2. RESP rollover conditions

One of the following three conditions determines if a rollover from an RESP to an RDSP is permitted:

- The beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent him/her from pursuing post-secondary education.

  OR

- The RESP has been in existence for at least 10 years and the beneficiary is at least 21 years of age and is not pursuing post-secondary education;

  OR

- The RESP has been in existence for more than 35 years.

Note that the RESP must terminate by end of February of the year following the education savings rollover.
4.2. Rollovers from RESP family plans

When the rollover of RESP investment earnings is from a family plan, three options are available.

4.2.1. Option 1

For promoters who do not offer individual plans, a family plan with only one beneficiary may be opened.

Advantages – The family plan with the remaining beneficiaries could remain open.

Disadvantages – The subscriber would not be able to transfer only the earnings to the new RESP for the DTC-eligible beneficiary. Since only a portion of the property in the RESP is transferred, then the partial transfer rules outlined in subsection 16(2) of the Canada Education Savings Regulations would require the transferring RESP promoter to calculate and transfer the equal portion of the contributions, earnings, CESG and provincial incentives to the receiving plan.

4.2.2. Option 2

The subscriber can wait until the other beneficiaries of the family plan are eligible for post-secondary education (PSE) or will not be pursuing PSE before rolling over the investment income from the family RESP to the DTC-eligible beneficiary’s RDSP.

Advantages – It would no longer matter that any grant and bond remaining in the family RESP (including amounts paid in other beneficiaries’ names) would need to be repaid and that the plan would have to terminate by the end of February of the year after the education savings rollover occurred, because the other beneficiaries will have either used the funds necessary for their PSE or they will not be using the funds for PSE.

Disadvantages – This could take a long time depending on the age of the other beneficiaries.
4.2.3. Option 3

Close the family RESP and transfer the AIP to the beneficiary's RDSP.

**Advantages** – All the investment earnings in the RESP could be transferred to the DTC-eligible beneficiary’s RDSP (including those accumulated for other beneficiaries).

**Disadvantages** – All grant and bond remaining in the family RESP (including amounts paid in other beneficiaries’ names) would need to be repaid and the family RESP would need to terminate by the end of February of the year after the rollover occurred.

4.3. Specimen plan

The RDSP issuer must specify in their specimen plan if rollovers of education savings proceeds into an RDSP are permitted. The specimen plan must be approved by the Registered Plans Directorate in CRA.

The RESP must also allow AIPs in its specimen plan.

4.4. RESP rollover election – prescribed information

The following information must be included in the RESP rollover election document:

- rollover amount
- RESP promoter name, specimen plan name, specimen plan number and contract number
- RDSP issuer name, specimen plan name, specimen plan number, and contract number
- RESP/RDSP beneficiary name, SIN
- RESP subscriber name, SIN/BN
- RDSP holder name, SIN/BN
- RESP promoter’s address
- space for the RESP subscriber’s signature and date
- space for the RDSP holder’s signature and date
- space for the RESP promoter’s (authorized person) signature and date
- space for the RDSP issuer’s (authorized person) signature and date

A form can be downloaded from the CRA Website:

- RC435 Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan
  
4.5. Roles and responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESP subscriber and RDSP holder</td>
<td>▪ Jointly elect in the election document to have a rollover take place.</td>
</tr>
<tr>
<td>RESP promoter</td>
<td>▪ Send the election document to the RDSP issuer.</td>
</tr>
<tr>
<td></td>
<td>▪ Keep a copy of the election document.</td>
</tr>
<tr>
<td>RDSP issuer</td>
<td>▪ Keep a copy of the election document.</td>
</tr>
<tr>
<td></td>
<td>▪ Report the rollover transactions to ESDC.</td>
</tr>
</tbody>
</table>

Any incentives that remain in the RESP must be repaid to the Government of Canada.

5. Rollover of investment earnings to an RRSP

In certain circumstances, it may be possible to move the remaining RESP earnings to the subscriber’s RRSP or to the subscriber’s spousal RRSP. This can reduce the taxes payable by the subscriber.

Any incentives that remain in the RESP must be repaid to the Government of Canada.

6. Payments to a designated educational institution

The terms of an RESP can stipulate that, under the following circumstances, the amount of earnings remaining in the RESP could be paid to a designated educational institution in Canada:

▪ The beneficiary is no longer eligible for an EAP.
▪ Incentive(s) have been repaid, as required.
▪ The subscriber does not qualify for an AIP See 3.1 Conditions for an AIP earlier in this chapter.

A payment to a Canadian designated educational institution would be a gift and not a donation. Therefore, a tax receipt will not be issued to the subscriber or to the beneficiary.

Any incentives remaining in the RESP must be repaid to Government of Canada before making the payment to the educational institution.
7. Forfeited CESG and earnings on the CESG in group plans

The Canada Education Savings Act and Canada Education Savings Regulations stipulate:

“CESG amounts and the earnings generated on them may only be shared among the beneficiaries of the RESP.”

The term “RESP” used in Section 18(1) of the Regulations refers only to the individual contract itself and not the group RESPs under the same specimen plan.

As a result, forfeited CESG and forfeited earnings on the CESG can no longer be redistributed amongst group RESP cohorts after July 1, 2005.

While any forfeited CESG amounts must be repaid to Government of Canada, forfeited earnings can be managed in one of these ways:

- an AIP
- a payment to a designated educational institution

These options are outlined in more detail within this chapter.

**Forfeited CESG and earnings – prior to July 1, 2005**

For those contracts that reached maturity in 2002, 2003, and 2004, and contained forfeited CESG and earnings under the prior CESG regulations, RESP promoters were holding these monies in lieu of requests for EAPs as per the terms of contracts with subscribers.

Any CESG and any earnings on the CESG that were forfeited by a beneficiary before July 1, 2005, and were awaiting disbursement amongst the remaining beneficiaries of that cohort, will be deemed to have been paid into a receiving beneficiary’s plan at the time of the initial allocation.

This means that only amounts forfeited prior to July 1, 2005, may be distributed to the remaining age cohort.
Appendix A: Application form – Education Savings Incentives

The following education savings incentives are administered by Employment and Social Development Canada (ESDC):

- Canada Education Savings Grant (CESG)
  - the amount of CESG (Basic CESG)
  - the additional amount of CESG (Additional CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

When applying for these incentives, this appendix assists Registered Education Savings Plan (RESP) providers in completing the required form, entitled Application: Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB).

RESP providers should review eligibility requirements with the subscriber for each incentive before completing this form. Appendix B: A Quick Reference – Eligibility Criteria for Education Savings Incentives summarizes eligibility criteria for the incentives administered by ESDC.

See Appendix C for a list of acronyms and terms used in this guide.

In this appendix

1. Application form ESDC SDE 0093 .......................................................... A – 2
1. Application form ESDC SDE 0093

1.1. Overview

Application form ESDC SDE 0093, entitled **APPLICATION: Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB)**, includes several components that are described in the table below. Each component can be downloaded and completed as required from the forms area on the Resources for RESP Promoters web page: [Canada.ca/RESPresources](http://Canada.ca/RESPresources).

<table>
<thead>
<tr>
<th>Component</th>
<th>Signatures required</th>
<th>Purpose</th>
<th>When to use</th>
</tr>
</thead>
</table>
| **Main Form** | • Subscriber(s) | • To collect information to apply for:  
  o Basic CESG  
  o Additional CESG  
  o CLB | • This is mandatory for federal education savings incentives |
| **Annex A** | • This annex must be completed by a custodial parent/legal guardian  
  • No signature is required | • To collect information for additional beneficiaries | • This can be used to add beneficiaries to the application form. |
| **Annex B** | • The primary caregiver (PCG) or their cohabiting spouse or common-law partner  
  or  
  • Custodial parent/legal guardian | • To collect information from:  
  o the PCG or their cohabiting spouse or common-law partner  
  or  
  o a custodial parent/legal guardian | • To request the Additional CESG or the CLB when the PCG or their cohabiting spouse or common-law partner is not a subscriber.  
  • A custodial parent/legal guardian must complete Annex B to provide the beneficiary Social Insurance Number (SIN) when a subscriber is not the custodial parent/legal guardian. |
| **Annex C** | • Subscriber(s)  
  • Custodial parent/legal guardian (if different than subscriber) | • To collect information to apply for the SAGES | • All beneficiaries in the RESP must be siblings.  
  • All beneficiaries listed on Annex C must be a resident of Saskatchewan at the time of a contribution. |
| **Annex D** | • Subscriber(s)  
  • Custodial parent/legal guardian (if different than subscriber) | • To collect information to apply for the BCTESG | • All beneficiaries in the RESP must be siblings.  
  • Both the beneficiary and the beneficiary’s custodial parent/legal guardian listed on the Annex D must be residents of British Columbia at the time of application. |
1.2. Inaccurate information may delay education savings incentive payments

Education savings incentive (incentive) payments may be delayed if inaccurate information is collected on the CESP application form. The CESP system sends monthly reports to RESP providers with either error codes or refusal reasons to identify incentive requests that cannot be paid:

- **Error codes** - When the CESP system rejects incentive requests because they contain errors, RESP providers must resubmit these transactions with the correct information. (See Appendix E, Understanding error codes.)
- **Refusal reasons** - Incentive payments may be refused for a number of reasons, even when the incentive requests are successfully processed by the CESP system. (See Appendix F, Understanding refusal reasons.)

1.2.1. Beneficiary information

Before paying an incentive into an RESP for a beneficiary, the CESP system validates the following beneficiary information submitted by RESP providers with the Social Insurance Registry (SIR):

- social insurance number (SIN)
- given name (first name)
- family name (last or surname)
- date of birth
- sex

All RESP provider requests for incentive payments must include a beneficiary SIN that has been successfully validated by the CESP system at SIR. RESP providers will have fewer rejected transactions and avoid incentive payment delays if they ensure that information collected on application forms matches beneficiary SIN documentation at SIR.

While any subscriber can provide information for one beneficiary on the main form, only the custodial parent/legal guardian of a beneficiary can provide the beneficiary’s SIN. Consequently, RESP providers must collect beneficiary SINs on the application form using one of the following methods:

- **Main form** - If a subscriber is also a custodial parent/legal guardian, this person can provide all required information for one beneficiary using the main form. If there are multiple beneficiaries, this person can provide information for the additional beneficiaries using Annex A.
- **Annex A** - If there are multiple beneficiaries, then a custodial parent/legal guardian can complete Annex A to provide information about the additional beneficiaries.
- **Annex B** - Custodial parents/legal guardians can provide their information and information for one beneficiary using Annex B. If there are multiple beneficiaries, they can provide information for the other beneficiaries using Annex A.
Appendix A: Application Form – Education Savings Incentives

If the beneficiaries named in a family RESP are cousins, each group of siblings requires completion of Annex A. It should be noted that the CLB, the Additional CESG, the SAGES and the BCTESG can only be paid into a family RESP if all beneficiaries in the RESP are siblings.

1.2.2. The primary caregiver, cohabiting spouse or common-law partner

An individual primary caregiver (PCG) or, as of 2018, their cohabiting spouse or common-law partner, if applicable, must provide their name and SIN on the CESP application form to request the CLB and the Additional CESG. The individual PCG’s adjusted income is used, in part, to validate eligibility for the CLB and the Additional CESG.

ESDC considers a person to be the individual PCG of a beneficiary if this person is eligible to receive the Canada child benefit (CCB) for the beneficiary.

The Canada Revenue Agency (CRA) calculates a PCG’s adjusted income using, in part, the net income reported on line 236 of tax returns filed by the PCG, and that of their cohabiting spouse or common-law partner, if applicable.

A beneficiary could have more than one individual PCG. For more information, see the shared custody question under heading 1.4.8 Custodial parent/legal guardian and primary caregiver in this appendix.

ESDC considers an organization to be the public PCG of a beneficiary if the organization is entitled to receive payments for the beneficiary under the Children’s Special Allowances Act (CSAA). A public PCG must provide their business number (BN) to request the Additional CESG and the CLB.

<table>
<thead>
<tr>
<th>PCG type</th>
<th>Information required to request the CLB and the Additional CESG</th>
<th>Additional notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual PCG</td>
<td>• PCG</td>
<td>• An individual PCG is the person eligible to receive the CCB for the beneficiary.</td>
</tr>
<tr>
<td></td>
<td>○ SIN</td>
<td>• The CRA sends a CCB notice to the individual PCG every year.</td>
</tr>
<tr>
<td></td>
<td>○ given name</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ family name</td>
<td></td>
</tr>
<tr>
<td></td>
<td>or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PCG’s cohabiting spouse or common-law partner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ SIN</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ given name</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ family name</td>
<td></td>
</tr>
<tr>
<td>Public PCG (Agency)</td>
<td>• PCG</td>
<td>• A public PCG is an organization that receives the Children’s Special Allowance for the beneficiary.</td>
</tr>
<tr>
<td></td>
<td>○ BN</td>
<td></td>
</tr>
<tr>
<td></td>
<td>○ agency name</td>
<td></td>
</tr>
</tbody>
</table>

Note that the CLB and the Additional CESG can only be paid into individual RESPs or family RESPs in which all beneficiaries are siblings.
1.3. Checklists for the form ESDC SDE 0093

The CESP application form includes detailed instructions that explain how it should be completed.

Checklists in this appendix will also help RESP providers to ensure that CESP application forms are completed properly. See the following sections in this appendix for common scenarios:

- 1.3.1. When the parents open an RESP
- 1.3.2. When an RESP is opened by someone other than a parent
- 1.3.3. When an agency opens an RESP
- 1.3.4. Using Annex A to apply for multiple beneficiaries
- 1.3.5. When applying for the SAGES
- 1.3.6. When applying for the BCTESG
1.3.1. When the parents open an RESP

Use the following checklist only if a subscriber can answer “Yes” to both of these questions:

- **Are you the beneficiary’s PCG or the PCG’s cohabiting spouse or common-law partner?**
  
  *This person must provide their name and SIN to request the CLB and the Additional CESG.*

- **Are you the beneficiary’s custodial parent or legal guardian?**
  
  *The custodial parent or legal guardian must provide the beneficiary’s SIN.*

*Note:* The custodial parent or legal guardian must provide their name and the beneficiary’s SIN in Annex B if this person is not a subscriber. The beneficiary SIN is not required on the main form in this situation.

### Main form – Application for the CESG and the CLB

**Top of the form**

- □ Enter RESP provider company name and RESP contract number.

**Section 1: Information about the subscriber(s)**

- □ Explain that a beneficiary’s individual PCG is the person eligible to receive the CCB for the beneficiary. Explain that ‘spouse’ in this section means the cohabiting spouse or common-law partner of the PCG.

  - Enter the family name and given name of the subscriber.

    - □ Only a custodial parent/legal guardian can provide the beneficiary SIN.

    - □ Check ‘YES’ for the ‘primary caregiver or their spouse’ question to request the Additional CESG and the CLB.

    - The CRA will use this subscriber’s name and SIN to validate the beneficiary’s eligibility for these incentives.

- □ Enter the family name and given name of the joint subscriber, if applicable.

  - □ Check ‘YES’ for the ‘custodial parent/legal guardian’ question.

  - A joint subscriber, if applicable, must be a spouse or common-law partner of the subscriber.

- □ Leave all agency areas blank.

- □ Enter the SIN of the subscriber to request the Additional CESG and the CLB. This must be the SIN of the person who checked ‘YES’ for the ‘primary caregiver or their spouse’ question.

**Section 2: Information about the beneficiary**

- □ Enter information about the beneficiary (family name, given name, date of birth, sex, and SIN). This should be entered exactly as it appears on the beneficiary SIN documentation.

- □ Enter the total number of beneficiaries for the current application.

- □ If applying for more than one beneficiary:

  - □ check ‘Additional beneficiaries indicated in Annex A’; and

  - □ complete Annex A to provide information about the additional beneficiaries (see checklist in 1.3.4.).

**Sections 3-8**

- □ Ask subscribers to read Sections 3 through 8.

- □ **Section 4:** Ask subscribers to select the applicable check boxes if required. This section explains possible reasons for not requesting the Additional CESG or the CLB for this RESP.

- □ **Section 5:** Ask subscribers to sign and date the CESG application form.

- □ **Section 7:** Inform subscribers about any applicable provincial incentives.
### 1.3.2. When an RESP is opened by someone other than a parent

Use the following checklist if a subscriber is not the beneficiary’s parent:

**Main form – Application for the CESG and the CLB**

**Top of the form**
- Enter the RESP provider company name and RESP contract number.

**Section 1: Information about the subscriber(s)**
- Enter the family name and given name of the subscriber (and the joint subscriber if applicable).
  - Check ‘NO’ in the ‘custodial parent/legal guardian’ check box.
  - Check ‘NO’ in the ‘primary caregiver or their spouse’ check box.
  A joint subscriber, if applicable, must be a spouse or common-law partner of the subscriber.
- Leave all agency areas blank.

**Section 2: Information about the beneficiary**
- Enter information about the beneficiary. The beneficiary SIN is not required on the main form in this situation. A custodial parent/legal guardian must complete Annex B to provide the SIN.
- Enter the total number of beneficiaries for the current application.
- If applying for more than one beneficiary:
  - check ‘Additional beneficiaries indicated in Annex A’; and
  - complete Annex A to provide information about the additional beneficiaries (see checklist in 1.3.4.).

**Sections 3 to 8**
- Ask subscribers to read Sections 3 through 8.
- **Section 4:** Ask subscribers to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP.
- **Section 5:** Ask subscribers to sign and date the CESP application form.
- **Section 7:** Inform subscribers about any applicable provincial incentives.

**Annex B – Primary caregiver, their spouse and/or custodial parent/legal guardian**

**Top of the form**
- Explain that a beneficiary’s individual PCG is the person eligible to receive the CCB for the beneficiary. Explain that ‘spouse’ in this section means the cohabiting spouse or common-law partner of the PCG.
- Explain that the beneficiary’s PCG or the PCG’s cohabiting spouse or common-law partner must complete Annex B to request the Additional CESG and/or the CLB when this person is not a subscriber.
- Enter the RESP provider company name, RESP contract number, and a subscriber name. This should match the information provided on the main form.

**Section B-1: Information about the primary caregiver or their spouse**
- If the person completing Annex B is the beneficiary’s PCG or the PCG’s cohabiting spouse or common-law partner, enter their name and SIN in Section B-1. If this person is the beneficiary’s custodial parent or legal guardian, check ‘I am also the custodial parent/legal guardian of the beneficiary’.
- If Annex B is not completed by the beneficiary’s PCG or the PCG’s cohabiting spouse or common-law partner, or the subscriber is not applying for the Additional CESG or the CLB, section B-1 should be left blank.

**Section B-2: Information about the custodial parent/legal guardian**
- Enter the beneficiary’s custodial parent/legal guardian name in Section B-2 only if the PCG or their cohabiting spouse or common-law partner is not the custodial parent/legal guardian.

**Section B-3: Information about the beneficiary**
- If the person completing the form indicated is the custodial parent/legal guardian, enter the information about the beneficiary exactly as it appears on the beneficiary SIN documentation.
- Enter the total number of beneficiaries for the current application.
- If applying for more than one beneficiary:
  - check ‘Additional beneficiaries indicated in Annex A’; and
  - complete Annex A to provide information about the additional beneficiaries (see checklist in 1.3.4.).
Appendix A: Application Form – Education Savings Incentives

This is a continuation of the checklist on the previous page.

### Sections B-4 to B-7

- ☐ Ask the person completing this annex to read Sections B-4 through B-7.
- ☐ **Section B-4:** Ask the person completing this annex to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP.
- ☐ **Section B-5:** Ask the person completing this annex to sign and date the annex.

### 1.3.3. When an agency opens an RESP

Use the following checklist when a child care agency is the subscriber:

#### Main form – Application for the CESG and the CLB

**Top of the form**

- ☐ Enter the RESP provider company name and RESP contract number.

**Section 1: Information about the subscriber(s)**

- ☐ Leave the subscriber and joint subscriber information areas blank.
- ☐ Enter the agency name and the agency representative’s name.
- ☐ Check ‘YES’ in the ‘public primary caregiver’ check box.
- ☐ Leave the SIN area blank. Enter the 15 character agency BN.

**Section 2: Information about the beneficiary**

- ☐ Enter information about the beneficiary (family name, given name, date of birth, sex, and SIN). This should be entered exactly as it appears on the beneficiary SIN documentation.
- ☐ Enter the total number of beneficiaries for the current application.
- If applying for more than one beneficiary:
  - ☐ check ‘Additional beneficiaries indicated in Annex A’; and
  - ☐ complete Annex A to provide information about the additional beneficiaries (see checklist in 1.3.4.).

**Sections 3 to 8**

- ☐ Ask the agency representative to read Sections 3 through 8.
- ☐ **Section 4:** Ask the agency representative to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP.
- ☐ **Section 5:** Ask the agency representative to sign and date the CESP application form as the subscriber.
- ☐ **Section 7:** Inform the agency representative about any applicable provincial incentives.

### 1.3.4. Using Annex A to apply for multiple beneficiaries

Use the following checklist when providing information about additional beneficiaries on Annex A:

#### Annex A – Information about the ADDITIONAL beneficiaries

**Top of the form**

- ☐ Explain that all beneficiaries listed on Annex A must have a common custodial parent/legal guardian. Use a separate Annex A for each group of beneficiaries having a common custodial parent/legal guardian.
- ☐ Enter the RESP provider company name, RESP contract number and a subscriber’s name. This should match the information provided on the main form.
- ☐ Enter the custodial parent/legal guardian name. The custodial parent/legal guardian must have signed either the main form or Annex B.

**Section A-1: Information about the beneficiaries**

- ☐ Enter information about the beneficiary (family name, given name, date of birth, sex, and SIN). This should be entered exactly as it appears on the beneficiary SIN documentation.
1.3.5. When applying for the SAGES

**Note:** On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Additional information pertaining to the suspension of the SAGES is provided in information bulletin # 722 sent June 12, 2017, available through the Canada.ca/RESPresources Web page.

Promoters may decide to continue accepting and processing SAGES applications after January 1, 2018. However, no SAGES will be paid.

Use the following checklist when the subscriber is applying for the SAGES:

<table>
<thead>
<tr>
<th>Annex C – Application for the SAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top of the form</strong></td>
</tr>
<tr>
<td>☐ Enter the RESP provider company name and RESP contract number.</td>
</tr>
<tr>
<td><strong>Section C-1: Information about the subscriber(s)</strong></td>
</tr>
<tr>
<td>☐ Enter the family name and given name of the subscriber (and the joint subscriber if applicable). Leave the subscriber and joint subscriber information blank if the subscriber is an agency. A joint subscriber, if applicable, must be a spouse or common-law partner of the subscriber.</td>
</tr>
<tr>
<td>☐ If the subscriber is an agency, enter the agency name and the name of the agency representative. Otherwise, leave the agency areas blank.</td>
</tr>
<tr>
<td><strong>Section C-2: Information about the beneficiaries</strong></td>
</tr>
<tr>
<td>☐ Check ‘YES’ only if: • there is only one beneficiary named in the RESP or all beneficiaries in the RESP are siblings; and • all beneficiaries listed on Annex C are residents of Saskatchewan. If ‘NO’ is selected, the SAGES will not be paid into the RESP.</td>
</tr>
<tr>
<td>☐ Enter information about all beneficiaries applying for SAGES (family name, given name, date of birth and sex). This information should be entered exactly as it appears on the beneficiary SIN documentation and exactly as it was entered in the application form for federal incentives.</td>
</tr>
<tr>
<td>☐ Enter the date on which each beneficiary became a resident of Saskatchewan. Use the date of birth if a beneficiary was a Saskatchewan resident since birth.</td>
</tr>
<tr>
<td>☐ Enter the total number of beneficiaries for the current SAGES application.</td>
</tr>
<tr>
<td>☐ If requesting the SAGES for more than 3 beneficiaries: • check the box for ‘Additional Beneficiaries’; and • use additional copies of Annex C to provide all additional beneficiary information.</td>
</tr>
<tr>
<td><strong>Sections C-3 to C-6</strong></td>
</tr>
<tr>
<td>☐ All individuals signing the annex read Sections C-3 through C-6.</td>
</tr>
<tr>
<td><strong>Section C-4:</strong> The following individuals sign and date the annex: • subscriber • joint subscriber (if applicable) • a custodial parent/legal guardian (if this person is not a subscriber) If the subscriber is an agency, the agency representative must sign as the subscriber.</td>
</tr>
<tr>
<td>☐ A custodial parent/legal guardian must enter his or her name if this person is not a subscriber.</td>
</tr>
</tbody>
</table>
1.3.6. When applying for the BCTESG

Use the following checklist when the subscriber is applying for the BCTESG:

<table>
<thead>
<tr>
<th>Annex D – Application for the BCTESG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top of the form</strong></td>
</tr>
<tr>
<td>☐ Enter the RESP provider company name and RESP contract number.</td>
</tr>
<tr>
<td><strong>Section D-1: Information about the subscriber(s)</strong></td>
</tr>
<tr>
<td>☐ Enter the family name and given name of the subscriber (and the joint subscriber if applicable). Leave the subscriber and joint subscriber information blank if the subscriber is an agency. A joint subscriber, if applicable, must be a spouse or common-law partner of the subscriber.</td>
</tr>
<tr>
<td>☐ If the subscriber is an agency, enter the agency name and the name of the agency representative. Otherwise, leave the agency areas blank.</td>
</tr>
<tr>
<td>☐ Enter the subscriber address. The address must be provided even when the subscriber is not an agency.</td>
</tr>
<tr>
<td><strong>Section D-2: Information about the beneficiaries</strong></td>
</tr>
</tbody>
</table>
| ☐ Check ‘YES’ only if:  
  • there is only one beneficiary in the RESP or all beneficiaries in the RESP are siblings; and  
  • all beneficiaries listed on Annex D are residents of British Columbia. If ‘NO’ is selected, the BCTESG will not be paid into the RESP. |
| ☐ Enter information about all beneficiaries applying for the BCTESG (family name, given name, date of birth, sex and SIN). This information should be entered exactly as it appears on the beneficiary SIN documentation and exactly as it was entered in the application form for federal incentives. |
| ☐ Verify that each beneficiary listed on Annex D has an eligible birth date to apply for the BCTESG. Beneficiaries must be born in 2006 or later to be eligible for the BCTESG. Verify that the application date is acceptable for each beneficiary listed on Annex D.  
  • For eligible beneficiaries born in 2006, applications must be completed between August 15, 2016 and August 14, 2019, inclusively.  
  • For eligible beneficiaries born after 2006 but before August 15, 2009, applications must be completed between August 15, 2015 and August 14, 2018, inclusively.  
  • For eligible beneficiaries born on August 15, 2009 or later, applications must be completed between the beneficiary’s 6th birthday and the day before the beneficiary’s 9th birthday, inclusively. |
| ☐ Enter the total number of beneficiaries for the current BCTESG application. |
| ☐ If requesting the BCTESG for more than two beneficiaries:  
  • check the box for ‘Additional Beneficiaries’; and  
  • use additional copies of Annex D to provide all additional beneficiary information. |
| **Section D-3: Conditions for payment of the BCTESG** |
| ☐ Ask for proof that the custodial parent/legal guardian meets the BC residency requirement. This could be a valid BC Drivers’ License, a BC Identification Card, a BC Services Card or a BC utilities bill. Utility bills must be dated within the last 3 months and list the current address of the custodial parent or the legal guardian and can be for electricity, gas, phone, cable, water or garbage. |
| ☐ Indicate only the type of document provided as proof of residency (for example, enter “BC driver’s license”) |
| **Sections D-4 to D-6** |
| ☐ All individuals signing the annex read Sections D-4 through D-6. |
| ☐ **Section D-4:** The following individuals sign and date the annex:  
  • subscriber  
  • joint subscriber (if applicable)  
  • a custodial parent/legal guardian (if this person is not a subscriber and for whom proof of British Columbia residency has been provided )  
  If the subscriber is an agency, the agency representative must sign as the subscriber. |
| ☐ A custodial parent/legal guardian must enter his or her name if this person is not a subscriber.
1.4. Answers to additional questions

The following provides additional guidance for completing application form ESDC SDE 0093 and the associated annexes.

1.4.1. Individual RESPs

*Can siblings who are named to separate individual RESPs be included on the same ESDC SDE 0093 application form?*

No. One CESP application form cannot be used for siblings who are beneficiaries of different individual RESPs. Given that each RESP is a separate contract, a separate form must be used for each contract number.

1.4.2. Family RESPs with cousins

*If there are cousins in a family RESP, can all beneficiaries be included on one form?*

Yes. When there are multiple beneficiaries named to a family RESP, one form can be used for all beneficiaries, regardless of whether they are all siblings.

However, the additional beneficiary annex (Annex A) and a custodial parent/legal guardian annex (Annex B) need to be completed by a beneficiary’s custodial parent/legal guardian. As a result, if there are cousins in the plan, more than one Annex A and Annex B is required.

Note that to receive the Additional CESG, the CLB, the SAGES or the BCTESG, all beneficiaries named to the RESP must be siblings.

**Example**

The subscriber, Jane Smith, opens an RESP for her 4 grandchildren:

- John Smith (PCG & custodial parent = mother, Mary Smith)
- Joseph Smith (PCG & custodial parent = mother, Mary Smith)
- Ann Smith (PCG & custodial parent = mother, Jill Smith)
- Brian Smith (PCG & custodial parent = mother, Jill Smith)

The following parts of the form must be completed:

- The subscriber, Jane Smith, must complete and sign the main form.
- The custodial parent, Mary Smith, must complete and sign:
  - Annex B for one of her children; and
  - Annex A to add her other child.
- The custodial parent, Jill Smith, must complete and sign:
  - Annex B for one of her children; and
  - Annex A to add her other child.

The subscriber must choose not to apply for the Additional CESG and the CLB for these beneficiaries because not all beneficiaries in the RESP are siblings.
1.4.3. Information about the RESP

Who should complete the fields that appear at the top of the main form and each annex, above the numbered sections (such as RESP provider, RESP contract no., etc.)?

Given that procedures for dealing with this section differ depending on the type of organization, the descriptors from this section have been removed.

It is up to individual RESP providers to determine how best to complete this section and communicate the information to their staff. However, this area must be completed and may be verified during a compliance review.

Note that RESP providers are permitted to pre-populate the “RESP Provider” field with their legal name.

1.4.4. Pages following the consent and signatures sections

Do the pages that follow the consent and signature (containing the privacy statement and definitions) need to be kept in the client file (whether in hard copy or imaged)?

No. RESP providers are not required to retain pages that follow the consent and signatures sections of the main form or annexes.

1.4.5. Choosing not to apply for the Additional CESG and/or the CLB

What should be done if there is a discrepancy between information provided in Section 4 of the main form and Section B-4 of Annex B?

Since it is the PCG or their cohabiting spouse or common-law partner who designates which RESP receives the Additional CESG and the CLB payments, RESP providers should follow this person’s instructions if there is a discrepancy between the information provided in Section 4 of the main form and Section B-4 of Annex B. RESP providers may also choose to consult with the subscriber in completing this section.

If an RESP provider offers only the Basic CESG, must Section 4 of the main form still be completed?

Yes. This section must be completed even if the RESP provider offers only the Basic CESG. In this case, the subscriber must choose not to apply for the Additional CESG and the CLB in Section 4 of the main form.

1.4.6. When subscribers add beneficiaries to an existing family RESP

If a subscriber has already completed a CESP application form for the beneficiaries in a family RESP, what parts of the form must be completed if additional beneficiaries are named to the same RESP?

If new beneficiaries are added to an existing family RESP, a new CESP application form must be completed for the new beneficiaries. The original CESP application form that was previously completed and signed cannot be amended to add the new beneficiaries.
1.4.7. Total number of beneficiaries

*What should be entered as the total number of beneficiaries on the main form, Annex B and Annex C? Is it the total number of beneficiaries in the RESP, or is it the number of beneficiaries for whom the subscriber is currently submitting an application?*

The total number of beneficiaries entered in Section 2 of the main form (and Section B-3 of Annex B and Section C-2 of Annex C if applicable), should be the number of beneficiaries for whom the subscriber is currently submitting an application. This number does not necessarily have to match the number of beneficiaries named in the RESP (for example, in cases where beneficiaries are added to a family RESP after the plan was originally opened).

1.4.8. Custodial parent/legal guardian and primary caregiver

*Can the form be completed by ONLY the custodial parent/legal guardian if the PCG or the PCG’s spouse or common-law partner is not available or willing to complete the form?*

Yes. If the PCG or the PCG’s spouse or common law partner is not available or willing to complete the form, it can be completed by a custodial parent/legal guardian only.

In such cases, a custodial parent/legal guardian should complete the form, omitting areas that identify the PCG or the PCG’s cohabiting spouse or common-law partner (i.e.; the SIN in Section 1 of the main form and Section B-1 on Annex B).

However, a beneficiary cannot receive the Additional CESG or the CLB if a PCG, or the PCG’s cohabiting spouse or common-law partner, does not complete the form and provide their SIN (or BN for child care agencies). In this situation, the custodial parent/legal guardian must either choose not to apply for both the Additional CESG and the CLB in Section B-4 of Annex B, or in Section 4 of the main form.

*Who is the PCG when parents share the custody of a beneficiary?*

The CRA may distribute the CCB payments to more than one parent for the same beneficiary if they share custody of the child. For example, a child could alternate every 2 weeks between living with the father and the mother. In this situation, both the mother and the father could be considered to be individual PCGs. When individual PCGs or their cohabiting spouse or common-law partner complete the CESP application form, they are providing their information to validate eligibility for the Additional CESG and/or the CLB. They are also designating the RESP to receive these incentives in trust. RESP providers can include the information of only one individual PCG, or a PCG’s cohabiting spouse or common-law partner, in each electronic request for the Additional CESG or the CLB that they submit to the CESP system.
1.4.9. Pre-filling fields on forms

Can RESP providers pre-fill some of the CESP application form fields before asking their clients to sign a form?

To facilitate completion of the form, RESP providers could choose to pre-fill fields that are collected through the Education Savings Plan (ESP) application process. This includes, for example, the RESP Provider, RESP Contract No., subscriber names and beneficiary information.

However, client options must not be pre-selected by RESP providers on application forms. Client options include checkboxes and/or fields that require a client decision or attestation, signatures, and signature dates. In particular, the following fields must be completed by the client:

- Choosing not to apply for the Additional CESG or the CLB (Section 4 of the main form and Section B-4 of Annex B)
- “YES/NO” questions (Section C-2 of Annex C)
- “SK Resident Since” date (Section C-2 of Annex C)

1.4.10. Incomplete application forms

What must RESP providers do if they determine that an application form is incomplete and missing information after it was originally completed and signed?

Once the subscriber (and custodial parent/legal guardian if applicable) has signed the application form, the form should not be altered by RESP providers. RESP providers should ask the person or people who originally signed the form to add the required information and initial any additions or changes made since the form was originally signed. RESP providers must retain these amended forms in their client files.

1.4.11. SAGES request dates

Which date should RESP providers use for a SAGES request - the date the SAGES application form (Annex C) was signed or the contribution date?

RESP providers must use the most recent of the following dates to determine which transaction date to use when submitting a SAGES request to the CESP system:

- the date that the subscriber completes a SAGES application form
- the date that the subscriber makes the corresponding contribution

Subscribers have three years after making an RESP contribution to apply for the SAGES by completing and signing the SAGES application form (Annex C). The CESP system sends RESP providers a refusal reason “O” (Late SAGES Request) if a SAGES request transaction date is more than three years after the transaction date of the contribution.
As RESP providers have three years to successfully process a SAGES Request transaction, they must send a file to the CESP system (for processing) no more than three years after the transaction date of the SAGES Request in the file. The CESP system sends RESP providers a refusal reason “D” (Late Transaction) for SAGES Requests processed after this 3 year limit.

**Example**

On October 14, 2013, a subscriber made an RESP contribution for a beneficiary who is eligible for the SAGES. The RESP provider was in the process of updating their system to offer the SAGES at that time and was not in a position to accept a SAGES application from the subscriber.

To receive the SAGES for this contribution, the subscriber must complete the SAGES application form by October 14, 2016.

If the subscriber completed a SAGES application form for this beneficiary on February 11, 2014, the RESP provider must send a file to the CESP system before February 11, 2017, with a SAGES request that can be successfully processed by the CESP system for the contribution made on October 14, 2013.

**Should the SAGES application form be accepted during the suspension period?**

Promoters may decide to continue accepting and processing SAGES applications after January 1, 2018. However, no SAGES will be paid.

1.4.12. SAGES requests for existing beneficiaries

**How do you apply for the SAGES for existing beneficiaries?**

For existing beneficiaries who already have an RESP, there is no need to complete the main part of the application form.

To apply for the SAGES, the subscriber is required to complete only Annex C, which can be treated as a stand-alone SAGES application form.

1.4.13. SAGES applications and the custodial parent/legal guardian

**Does the beneficiary’s custodial parent or legal guardian need to sign the SAGES Annex (Annex C)?**

Yes. A custodial parent/legal guardian must sign and print their name in Section C-4 of the SAGES application form (Annex C) if they have not already signed this annex as a subscriber or joint subscriber of the RESP.

1.4.14. BCTESG requests for existing beneficiaries

**How do you apply for the BCTESG for existing beneficiaries?**

For existing beneficiaries who already have an RESP, there is no need to complete the main part of the application form.

To apply for the BCTESG, the subscriber is required to complete only Annex D, which can be treated as a stand-alone BCTESG application form.
1.4.15. BCTESG application dates

**Which date should RESP providers use for a BCTESG request?**

RESP providers must enter a transaction date for each BCTESG request that is submitted electronically to the CESP system. Promoters must use the date on which the subscriber submitted the completed BCTESG application form to the RESP provider’s representative as the transaction date in these electronic requests for the BCTESG.

If the subscriber and parent/legal guardian are two distinct people, they may sign and date the application form on different dates. In these cases, the promoter should use the last signature date on the application form as the transaction date for the corresponding BCTESG request transaction.

**Will BCTESG applications be accepted if they are completed before or after the required application window?**

BCTESG application forms must not be accepted if they are submitted by the subscriber to the RESP provider’s representative outside of the required application window period for each beneficiary. To be eligible for the BCTESG, the beneficiary must be born on January 1, 2006, or later.

For eligible beneficiaries born in 2006, applications must be completed between August 15, 2016 and August 14, 2019, inclusively. For eligible beneficiaries born after 2006 but before August 15, 2009, applications must be completed between August 15, 2015, and August 14, 2018, inclusively. For eligible beneficiaries born on August 15, 2009, or later, applications must be completed between the beneficiary’s 6th birthday and the day before the beneficiary’s 9th birthday, inclusively.

**If a subscriber applies for the BCTESG but the custodial parent/legal guardian is only available to sign the application after the beneficiary’s 9th birthday, will the application be valid?**

No, for an application to be valid, all signatures must be present and dated prior to beneficiary’s 9th birthday.

**Can a promoter accept applications for the BCTESG after August 15, 2015 even if they are not ready to offer the grant? (i.e., no system or agreement in place). If yes, which date is used to apply for the grant?**

Unless a promoter has an agreement with ESDC, they are not a promoter of this grant and as such they cannot accept applications for the BCTESG.
1.4.16. BCTESG requests for multiple beneficiaries

*If two eligible beneficiaries are named in separate RESPs, can the subscriber complete only one Annex D for both beneficiaries?*

Annex D must be completed for each RESP. If two eligible siblings are named in separate RESPs, the subscriber must complete a separate Annex D for each beneficiary.

*If several eligible beneficiaries are named in the same RESP, can the subscriber use Annex A to apply for the additional beneficiaries after having completed Annex D for two beneficiaries?*

If there are more than two eligible beneficiaries named in the same RESP, the subscriber must use additional copies of Annex D to request the BCTESG for the additional beneficiaries. Annex A cannot be used to request the BCTESG for the additional beneficiaries.

*If a subscriber has 2 children, a 6 year old and a 4 year old, can the subscriber complete the form for both beneficiaries without having to go back to the promoter to complete a form when the 4 year old turns 6?*

Once the younger beneficiary turns 6, the subscriber will need to complete an application form and provide proof of residency to receive the BCTESG.
1.4.17. BCTESG residency requirements

What is an acceptable demonstration of proof of BC residency for the custodial parent/legal guardian?

Proof of residency must be shown to the RESP providers’ representative at the time of the application. At least one of the following documents must be presented:

- a valid BC drivers’ license
- a BC Identification Card
- a BC Services Card
- a BC utilities bill

Utility bills must be dated within the last three (3) months and list the current address of the custodial parent or the legal guardian and can be for electricity, gas, phone, cable, water or garbage.

Must the RESP provider’s representative make a copy of the document provided for proof of residency?

No. However, the RESP provider’s representative must provide a description of the proof shown, such as “BC drivers’ license”, in the available space under section D-3.

If the form is not being completed in the presence of the RESP providers’ representative, a photocopy of the proof could be collected in order for the RESP provider to complete this field.

If the subscriber is completing a form at a branch in Ontario and they have proof of residency for BC, how does the agent recognize BC proof of residency?

The BC logo should be visible on all BC Identification cards and other forms of identification should include a BC address for the parent or the legal guardian.

How is proof of residency validated if the office in Ontario receives a BCTESG application form that is mailed into Ontario? (example, subscriber lives in Ontario but parent and beneficiary live in BC)

The promoter is responsible to validate the residency of the custodial parent/legal guardian. They need to establish a process of acceptable practices. For example they could require the guardian to sign and date both sides of a copy of identification used to support the application and forward to the promoter.

If the subscriber already has an RESP with a promoter, their system may have the subscriber’s address showing the custodial parent/legal guardian lives in BC. Is this sufficient for proof of residency?

No, the promoter must request proof of residency to validate BC’s residency requirement. The proof of residency needs to be current. A utility bill or statement used for proof of residency must be within the last 3 months.
1.4.18. BCTESG applications and the custodial parent/legal guardian

*Does the beneficiary’s custodial parent or legal guardian need to sign the BCTESG application form (Annex D)?*

Yes. A custodial parent/legal guardian that provided the proof of BC residency must sign and print their name in Section D-4 of the BCTESG application form (Annex D) if this person has not already signed as a subscriber in this section.

*If the beneficiary’s custodial parent or legal guardian is not a subscriber, is it necessary for the custodial parent or legal guardian to also complete Annex B?*

If Annex D is being completed as a “stand-alone” BCTESG application form for an existing RESP, the required information for all beneficiaries will be provided on Annex D and the custodial parent or legal guardian must also sign Annex D. Therefore, in these situations, the custodial parent or legal guardian does not have to complete Annex B to provide beneficiary information.
1.4.19. BCTESG application and subscribers

*If the RESP has a subscriber and a joint subscriber, are both required to sign the BCTESG application form (Annex D, section D-4)?*

No. While RESP promoters may establish their own internal policy that requires both subscribers to sign, a BCTESG application form can be signed by either the subscriber or the joint subscriber of the RESP.
A quick reference – eligibility criteria for education savings incentives

This appendix provides an 'at-a-glance' summary of the eligibility criteria for each of the education savings incentives administered by Employment and Social Development Canada (ESDC).

Refer to the related chapter in Section 2: Education savings incentives for more detailed information about the following incentives:

- Canada Education Savings Grant (CESG)
  - amount of CES grant (Basic CESG)
  - additional amount of CESG (Additional CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

See Appendix C for a list of acronyms and terms used in this guide.

In this appendix

1. Eligibility for Basic and Additional CESG .................................................. B – 2
2. Eligibility for CLB .............................................................................. B – 3
3. Eligibility for SAGES ............................................................... B – 3
4. Eligibility for BCTESG ............................................................. B – 4
Appendix B: A Quick Reference – Eligibility Criteria for Education Savings Incentives

1. Eligibility for Basic and Additional CESG

- Does the beneficiary have a valid Social Insurance Number (SIN)?
- Has the subscriber (together with an RESP promoter) established and registered an education savings plan (ESP) and named a beneficiary?
- Is the beneficiary a Canadian resident at the time the contribution is made?
- Is the contribution made prior to the end of the calendar year in which the beneficiary turned 17?
- If the beneficiary is 16 or 17 years old, have one of the following two conditions been met?
  
  A minimum of $100 in annual Registered Education Savings Plan (RESP) contributions has been made in each of any four years (consecutive or not and not withdrawn) before the end of the calendar year the beneficiary turned 15?

  OR

  A minimum of $2,000 in RESP contributions has been made (and not withdrawn) before the end of the calendar year the beneficiary turned 15?

  If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for the Basic CESG.

- Is the RESP an individual (non-family) plan or a family plan in which all beneficiaries are siblings?
- Is the contribution made to the RESP on or after January 1, 2005?
- Does the beneficiary’s individual primary caregiver (or their spouse or common-law partner) have a valid SIN or does the public primary caregiver (an agency responsible for a child in care) have a Business Number?
- Is the beneficiary’s individual primary caregiver eligible to receive the Canada child benefit (CCB)?
- Is the beneficiary a dependent of an individual primary caregiver whose adjusted income is greater than $47,630, but less than or equal to $95,259? *

  If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for both the Basic CESG and the 10% Additional CESG.

- Is the beneficiary a dependent of an individual primary caregiver whose adjusted income is less than or equal to $46,605? *

  If all of the questions to this point have been answered in the affirmative, the contribution may be eligible for both the Basic CESG and the 20% Additional CESG.

* 2019 Income levels; indexed annually.
Appendix B: A Quick Reference – Eligibility Criteria for Education Savings Incentives

1.1. Eligibility for a “child in care”

If the beneficiary is a “child in care” and meets the eligibility criteria for the Basic CESG, the beneficiary automatically qualifies for the 20% Additional CESG if the agency is receiving payments under the Children’s Special Allowance Act on behalf of the beneficiary.

2. Eligibility for CLB

- Is the child a Canadian resident born in 2004 or later?
- Does the beneficiary have a valid SIN?
- Is the child’s individual primary caregiver eligible to receive the CCB?

OR

- Did the public primary caregiver receive payments under the Children’s Special Allowances Act for a child in care, for at least one month of the benefit year?

*If all of these questions have been answered in the affirmative, and based, in part, on the number of qualified children and the adjusted income of the individual primary caregiver, the beneficiary may be eligible for the CLB.*

3. Eligibility for SAGES

- Has the subscriber established an RESP and named a beneficiary?
- Does the promoter offer the SAGES?
- Is the RESP either an individual RESP or a family RESP in which all of the beneficiaries are brothers and sisters?
- Is the beneficiary a resident of Saskatchewan when the RESP contribution is made?
- Is the RESP contribution made on or before December 31st of the year in which the beneficiary turns 17?

*If all of the questions to this point have been answered in the affirmative, the beneficiary may be eligible for the SAGES.*

**Note:** On March 22, 2017, the Government of Saskatchewan announced in their provincial budget that the SAGES will be suspended as of January 1, 2018, and until further notice. Additional information pertaining to the suspension of the SAGES is provided in information bulletin # 722 sent June 12, 2017, available through the Canada.ca/RESPresources Web page.
4. Eligibility for BCTESG

- Does the promoter offer the BCTESG?
- Has the subscriber established an RESP and named the beneficiary?
- Does the beneficiary have a valid Social Insurance Number (SIN)?
- Is the RESP either an individual RESP or a family RESP in which each beneficiary is a sibling of every other?
- Were the custodial parent or the legal guardian and the beneficiary residents of British Columbia when the BCTESG application was made?
- Was the beneficiary born on or after January 1, 2007?
- Did the subscriber request the BCTESG (via the RESP promoter) on or after August 15, 2015?

If all of the questions to this point have been answered in the affirmative, the beneficiary may be eligible for the **BCTESG**.
Important notice: This document is revised regularly. Visit the following address for the latest version: Canada.ca/RESPresources (User Guides and Publications tab)

Canada Education Savings Program – RESP provider user guide

APPENDIX

Acronyms and definitions

There are a number of acronyms and definitions that are specific to the Canada Education Savings Program (CESP), Employment and Social Development Canada (ESDC), and the application for and payment of the related education savings incentives.

An alphabetical listing of acronyms and definitions has been designed to assist readers to quickly identify the meaning of such terms as they are referred to within this guide.

In this appendix

1. List of acronyms ................................................................. C – 2
2. List of definitions ............................................................. C – 3
1. List of acronyms

The following acronyms within this list of definitions are used throughout the RESP Provider User Guide.

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AIP</td>
<td>Accumulated income payment</td>
</tr>
<tr>
<td>BCTESG</td>
<td>British Columbia Training and Education Savings Grant</td>
</tr>
<tr>
<td>BN</td>
<td>Business Number</td>
</tr>
<tr>
<td>CCB</td>
<td>Canada Child Benefit</td>
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<tr>
<td>CCTB</td>
<td>Canada Child Tax Benefit</td>
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<tr>
<td>CESA</td>
<td><em>Canada Education Savings Act</em></td>
</tr>
<tr>
<td>CESG</td>
<td>Canada Education Savings Grant</td>
</tr>
<tr>
<td>CESP</td>
<td>Canada Education Savings Program</td>
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<tr>
<td>CLB</td>
<td>Canada Learning Bond</td>
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<tr>
<td>CRA</td>
<td>Canada Revenue Agency</td>
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<tr>
<td>CSA</td>
<td>Children’s Special Allowance</td>
</tr>
<tr>
<td>EAP</td>
<td>Educational assistance payment</td>
</tr>
<tr>
<td>ESDC</td>
<td>Employment and Social Development Canada</td>
</tr>
<tr>
<td>ESP</td>
<td>Education savings plan</td>
</tr>
<tr>
<td>GTIS</td>
<td>Government Telecommunications and Informatics Services</td>
</tr>
<tr>
<td>ITA</td>
<td><em>Income Tax Act</em></td>
</tr>
<tr>
<td>ITS</td>
<td>Interface Transaction Standards</td>
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<tr>
<td>MSFT</td>
<td>Managed Secure File Transfer</td>
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<tr>
<td>PCG</td>
<td>Primary caregiver</td>
</tr>
<tr>
<td>PIB</td>
<td>Personal Information Banks</td>
</tr>
<tr>
<td>RESP</td>
<td>Registered Education Savings Plan</td>
</tr>
<tr>
<td>RT</td>
<td>Record type</td>
</tr>
<tr>
<td>SAGES</td>
<td>Saskatchewan Advantage Grant for Education Savings</td>
</tr>
<tr>
<td>SIN</td>
<td>Social Insurance Number</td>
</tr>
<tr>
<td>SIR</td>
<td>Social Insurance Registry</td>
</tr>
</tbody>
</table>
# Appendix C: Acronyms and definitions

## 2. List of Definitions

The following terms are used throughout the RESP Provider User Guide.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated income payment (AIP)</td>
<td>A payment of the income earned from an RESP, usually paid to the subscriber. It does not include EAPs, payments to a designated educational institution in Canada, transfers to another RESP, or repayments of the CESG, CLB, SAGES and BCTESG. An AIP cannot be made as a single joint payment to separate subscribers.</td>
</tr>
<tr>
<td>Additional CESG</td>
<td>An additional amount of Canada Education Savings Grant (Additional CESG) of 10% or 20% on the first $500, or less, of annual RESP contributions made on or after January 1, 2005. The Additional CESG is paid into an RESP on behalf of an eligible beneficiary over and above the Basic CESG and is based on the adjusted income level of the beneficiary’s primary caregiver. See Adjusted Income.</td>
</tr>
<tr>
<td>Adjusted income</td>
<td>The adjusted income of a beneficiary’s individual primary caregiver is determined by adding together the net income (line 236 of the income tax and benefit return) for the primary caregiver and his or her cohabiting spouse or common-law partner (if applicable) and adjusting this family net income by deducting any universal child care benefit (UCCB) and registered disability savings plan (RDSP) payments received and adding any UCCB and RDSP amounts repaid. See also individual primary caregiver.</td>
</tr>
<tr>
<td>Assisted contributions</td>
<td>Contributions made to an RESP that have attracted CESG payments.</td>
</tr>
<tr>
<td>Basic CESG</td>
<td>The amount of CES grant (Basic CESG) consists of a rate of 20% on contributions made to an RESP in respect of a beneficiary. The amount of annual Basic CESG payable per beneficiary is limited to the lesser of accumulated grant room available for the beneficiary or to the Basic CESG annual limit per beneficiary. Basic CESG is paid into the RESP on behalf of an eligible beneficiary up until the end of the calendar year in which the beneficiary turns 17.</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Usually a child, but can be any person named by the subscriber of an RESP who may be eligible to receive the education savings incentive(s) and who may receive EAPs from the RESP. See educational assistance payment (EAP).</td>
</tr>
<tr>
<td>Benefit year</td>
<td>A period that starts on July 1st of one year and ends on June 30th of the next year.</td>
</tr>
</tbody>
</table>
### Blood relative

The ITA describes a “blood relationship” as one between a parent and child (or grandchild or great grandchild) or between a brother or sister. The subscriber’s niece, nephew, aunt, uncle and cousin do not meet the definition of “blood relative”. An individual is not considered to be a blood relative of himself / herself.

### British Columbia Training and Education Savings Grant (BCTESG)

The BCTESG is a provincial incentive designed to help families save for their children's post-secondary education. The incentive is paid under a designated provincial program administered by ESDC through an agreement with the Government of British Columbia. The BCTESG is a $1,200 one-time grant to eligible children born on or after January 1, 2006. When an eligible child turns six years old, the subscriber may be able to apply for the grant.

### Business Number (BN)

A 15 character alphanumeric code, assigned by the CRA, that identifies the RESP promoter or agent authorized to submit transactions to the ESDC.

### Canada child benefit (CCB)

A tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age.

### Canada Child Tax Benefit (CCTB)

The CCTB (replaced by the Canada Child Benefit (CCB) on July 1, 2016) was a tax-free monthly payment made to eligible families to help them with the cost of raising children who were under the age of 18. The National Child Benefit Supplement (NCBS) was included in the CCTB for eligible low-income families. See National Child Benefit Supplement (NCBS).

### Canada Education Savings Act (CESA)

The legislation that authorizes payment of the Basic and Additional CESG and the CLB.

### Canada Education Savings Grant (CESG)

An education savings incentive administered by ESDC. The CESG is based, in part, on contributions made to an RESP on behalf of an eligible beneficiary and is comprised of two components: the amount of CESG grant (Basic CESG) and the additional amount of CESG (Additional CESG). See Basic CESG and Additional CESG.

### Canada Education Savings Program (CESP)

The Directorate within ESDC responsible for administering the education savings incentives available to eligible RESP beneficiaries.

### Canada Learning Bond (CLB)

An education savings incentive introduced by the Government of Canada in 2004 for children from low-income families, and for children in care, who are born on or after January 1, 2004. The CLB consists of the initial payment and of subsequent CLB payments.

### Canada Revenue Agency (CRA)

The federal agency responsible for the administration of RESPs governed under the ITA. The CRA also shares information with ESDC, for the purposes of validating a beneficiary’s eligibility for the Additional CESG and the CLB; or confirming if a beneficiary is a child in the care of an agency receiving payments under the Children’s Special Allowances Act.
<table>
<thead>
<tr>
<th><strong>Acronym</strong></th>
<th><strong>Definition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CESP system</strong></td>
<td>An ESDC electronic application that supports education savings incentives administered by ESDC. It enables the exchange of electronic information between ESDC and its partners: RESP providers, the Saskatchewan Government, the British Columbia Government, the CRA, and the SIR.</td>
</tr>
<tr>
<td><strong>Child in care</strong></td>
<td>A child under the care of an agency (public primary caregiver) that receives payments under the <em>Children’s Special Allowances Act</em> for that child. See <a href="#">public primary caregiver</a>.</td>
</tr>
<tr>
<td><strong>Children’s Special Allowance (CSA)</strong></td>
<td>A tax-free monthly payment authorized by the <em>Children’s Special Allowances Act</em>, for a child who is under the age of 18, who physically resides in Canada, and who is under the care of an agency.</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td>Money deposited into an RESP by a subscriber. Contributions may be eligible to attract CESG and SAGES payments. Payments made into an RESP through a designated provincial program are not considered to be contributions and do not attract the CESG. See <a href="#">Designated Provincial Program</a>.</td>
</tr>
<tr>
<td><strong>Custodial parent or legal guardian</strong></td>
<td>An individual, department, agency, or institution that has the legal right to make decisions affecting a child’s interests, and has the responsibility of taking care of the child.</td>
</tr>
<tr>
<td><strong>Designated provincial program</strong></td>
<td>A program defined under the ITA to encourage the financing of children’s post-secondary education through savings in RESPs. These programs are established under the laws of a province and administered through an agreement between a province and ESDC or administered by the province itself. Payments made into an RESP through a designated provincial program are treated the same as federal grants or bonds and do not attract federal grants or bonds themselves. These payments are not considered to be contributions to an RESP. See <a href="#">Contributions</a>.</td>
</tr>
<tr>
<td><strong>Education savings incentive(s)</strong></td>
<td>Refers to one or all of the education savings assistance programs described within this User’s Guide, including the Basic CESG, Additional CESG, CLB, SAGES and BCTESG.</td>
</tr>
<tr>
<td><strong>Education savings plan (ESP)</strong></td>
<td>A savings vehicle used to save for a child’s post-secondary education. More precisely, it is a contract between an individual (the subscriber) and the RESP promoter. The subscriber makes contributions that accumulate tax free earnings until withdrawn. The RESP promoter agrees to use the accumulated funds to pay EAPs to one or more eligible beneficiaries designated by the subscriber. See <a href="#">Registered Education Savings Plan (RESP)</a>.</td>
</tr>
<tr>
<td><strong>Educational assistance payment (EAP)</strong></td>
<td>A payment from an RESP to help an eligible beneficiary cover expenses associated with post-secondary education. An EAP is made up of educational incentive amounts paid into an RESP, as well as income earned on contributions and incentive amounts. The EAP must be included as income on the student’s income tax return for the year payments were received.</td>
</tr>
<tr>
<td><strong>Effective date</strong></td>
<td>The date that an RESP is opened; also referred to as “the effective date the plan was entered into.”</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Eligible beneficiary</strong></td>
<td>A beneficiary of an RESP who meets the eligibility criteria required to receive one or more education savings incentives.</td>
</tr>
<tr>
<td><strong>Employment and Social Development Canada (ESDC)</strong></td>
<td>The federal department responsible for administering education savings incentives linked to RESPs.</td>
</tr>
<tr>
<td><strong>Enrolment (full-time / part-time)</strong></td>
<td>The post-secondary institution determines and defines what constitutes full-time and part-time enrolment. For example, the beneficiary is considered to be attending post-secondary education full-time if the institution considers them to be enrolled full-time.</td>
</tr>
</tbody>
</table>
| **Error reports** | CESP system-generated reports, identifying the field(s) in error, which is sent to the RESP provider when information submitted to the CESP is missing or improperly formatted. Until the RESP provider makes the correction and resubmits the information to the CESP system in a subsequent processing period(s), payment of the incentives will be delayed. There are two types of error reports:  

  - **RT 800 Error Report** indicates that validation has failed or information submitted is missing or incorrectly formatted. The record is rejected and the transaction must be corrected and resubmitted.  
  - **RT 850 Severe Error Report** identifies severe errors and advises that the record is rejected and must be corrected and resubmitted. |
| **Family RESP** | An RESP that can have one or more beneficiary. Each beneficiary must be connected by blood or adoption to each subscriber under the plan, or have been connected to a deceased original subscriber. An individual can become a beneficiary of a family RESP only if that individual has not yet turned 21 or if the individual was, just before joining the family RESP, a beneficiary under another family RESP. Contributions to family RESPs can only be made until a beneficiary turns 31. |
| **Government Telecommunications and Informatics Services (GTIS)** | The organization, under the management of Public Services and Procurement Canada (PSPC), that facilitates the secure exchange of information, via the internet, between organizations (RESP providers and ESDC). |
| **Grant room** | The amount of CESG to which beneficiaries are eligible. Each year that they are eligible to receive the CESG, they accumulate grant room, even if they have not been named as the beneficiary of an RESP. |
### Appendix C: Acronyms and definitions

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group RESP</strong>s</td>
<td>RESP that are operated on a pooling principle, through age cohorts, where the beneficiary named under a contract by a subscriber will receive EAPs when enrolled in a qualifying program. Contributions to a Group plan are calculated by the Foundation's actuary. The amount and frequency of these contributions usually stay the same as long as the beneficiary has not attained 18 years of age.</td>
</tr>
<tr>
<td><strong>Income Tax Act (ITA)</strong></td>
<td>The legislation that governs RESPs – the vehicle used to deposit education savings incentives and save for a beneficiary’s post-secondary education.</td>
</tr>
<tr>
<td><strong>Individual primary caregiver</strong></td>
<td>The person eligible to receive, but not necessarily in receipt of the CCB for the child, as defined under the ITA. This can be the mother, father, grandparent, or a guardian.</td>
</tr>
<tr>
<td><strong>Individual RESP</strong></td>
<td>A plan with only one beneficiary. That beneficiary may or may not be related to the subscriber and can be over 21 when named as a beneficiary. Since subscribers can open plans for themselves, a subscriber can also be the beneficiary of a non-family RESP. Contributions cannot be made after the 31st year that follows the year in which the plan was entered into or an earlier date if amounts have been transferred to the plan from an existing RESP.</td>
</tr>
<tr>
<td><strong>InfoSource</strong></td>
<td>A document published by the Treasury Board Secretariat, which provides a description of government organizations, program responsibilities and classes of records with sufficient clarity and detail to enable the public to exercise its rights under the Access to Information Act. Info Source is distributed to libraries, municipal offices and federal government offices across Canada.</td>
</tr>
<tr>
<td><strong>Interface Transaction Standards (ITS)</strong></td>
<td>Outlines the procedures for formatting and submitting transactions electronically to the CESP System. The ITS can be downloaded from the ESDC website.</td>
</tr>
<tr>
<td><strong>Managed Secure File Transfer (MSFT)</strong></td>
<td>An Entrust®-enabled software recognized by ESDC as a secure method of data encryption.</td>
</tr>
<tr>
<td><strong>National Child Benefit Supplement (NCBS)</strong></td>
<td>The NCBS (replaced by the Canada Child Benefit (CCB) on July 1, 2016) was a monthly payment issued to modest-income Canadian families with children. It is part of the CCTB, a non-taxable payment designed to help eligible Canadian families with the cost of raising children. See Canada Child Tax Benefit (CCTB).</td>
</tr>
<tr>
<td><strong>Non-family RESP</strong></td>
<td>See <em>individual RESP</em></td>
</tr>
<tr>
<td><strong>Notional account</strong></td>
<td>See RESP account.</td>
</tr>
<tr>
<td><strong>Participating RESP promoter</strong></td>
<td>An RESP promoter that is authorized to offer education savings incentive(s).</td>
</tr>
<tr>
<td><strong>Post-secondary educational institutions</strong></td>
<td>Educational institutions, recognized by the CRA, offering qualifying educational programs at the post-secondary level. Eligible beneficiaries must attend a qualifying program in a recognized post-secondary educational institution in order to receive EAPs. See Educational Assistance Payment (EAP).</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Primary caregiver (PCG)</strong></td>
<td>A person or organization primarily responsible for the care and upbringing of a child. A primary caregiver (PCG) can be an individual or a public entity. PCGs must provide their information and consent to apply for the CLB and the Additional CESG. See individual primary caregiver and public primary caregiver.</td>
</tr>
<tr>
<td><strong>Privacy Act</strong></td>
<td>The legislation that provides all individuals present in Canada access to federal information about themselves, and specifies how the government can collect, use, disclose, and retain personal information. It requires that government institutions develop and maintain an index of personal information holdings called Personal Information Banks (PIBs). The Act provides the legal framework for protecting personal information, accessing personal information, data matching, and controlling the use of SINs.</td>
</tr>
<tr>
<td><strong>Promoter</strong></td>
<td>The RESP promoter sets up a specimen plan, has it approved by the CRA and enters into contracts (ESPs) with its clients. The promoter is responsible for the registration of the ESPs as well as for the general administration of the RESPs. Promoters include financial institutions, such as banks and credit unions, as well as Group plan dealers. See RESP provider.</td>
</tr>
<tr>
<td><strong>Provincial grant</strong></td>
<td>Grant money paid into the RESP under a designated provincial program administered by ESDC. See Saskatchewan Advantage Grant for Education Savings (SAGES) and British Columbia Training and Education Savings Grant (BCTESG).</td>
</tr>
<tr>
<td><strong>Public primary caregiver</strong></td>
<td>The child care departments, agencies, institutions and organizations eligible to receive payments under the Children’s Special Allowances Act for a child in their care. See child in Care.</td>
</tr>
<tr>
<td><strong>Qualifying contributions</strong></td>
<td>Contributions made to an RESP that, based on available grant room, have the potential of attracting the CESG if all eligibility criteria are met. If and when these contributions actually attract CESG payments, they are then referred to as assisted contributions. See assisted contributions.</td>
</tr>
<tr>
<td><strong>Qualifying educational program</strong></td>
<td>A course of study that offers credits towards a degree, diploma or occupational skills certificate at the post-secondary level. The program must last at least three weeks in a row, with at least 10 hours of instruction or work each week. Programs at foreign universities must last at least three weeks, while programs at all other foreign educational institutions must last at least 13 weeks. Qualifying educational programs include apprenticeships, and programs offered by a trade school, CEGEP, college or university. See specified educational program.</td>
</tr>
<tr>
<td><strong>Receiving RESP provider</strong></td>
<td>The person or organization holding the RESP into which property is transferred from another plan. Other RESP documents may use the term “transferee” instead of “receiving”.</td>
</tr>
</tbody>
</table>
## Appendix C: Acronyms and definitions

<table>
<thead>
<tr>
<th><strong>Appendix C: Acronyms and definitions</strong></th>
</tr>
</thead>
</table>

| **Record type (RT)** | A data record that is exchanged between the RESP provider’s system and the CESP system. There are a series of record types, each identifying a different type of transaction. All record types are defined in CESP’s ITS. See Interface Transaction Standards (ITS). |
|------------------------------------------|

| **Registered Education Savings Plan (RESP)** | An ESP that has been registered with the CRA. It is a savings vehicle used by individuals to save for children's post-secondary education. Once registered, the plan becomes the repository for education savings incentive payments made on behalf of an eligible beneficiary. Earnings in the plan are tax-sheltered. See education savings plan (ESP). |
|------------------------------------------|

| **Reporting periods** | The time period, extending from the first to the last day of the same month, over which RESP transactions take place. The RESP promoter has four (4) business days after the reporting period to send files for processing by the CESP system. They cannot include any transactions which occurred after the last day of the reporting period. |
|------------------------------------------|

| **RESP account** | For tracking purposes, a separate account that identifies the value of each monetary component of the RESP, including contributions, earnings, CESG, CLB, SAGES and BCTESG. Also referred to as a notional account. |
|------------------------------------------|

| **RESP promoter** | See promoter. |
|------------------------------------------|

| **RESP property** | All assets in an RESP, including contributions, education savings incentives, and earnings. |
|------------------------------------------|

| **RESP provider** | RESP promoters, trustees as well as service providers that are hired to process electronic transactions. See promoter and trustee. |
|------------------------------------------|

| **Saskatchewan Advantage Grant for Education Savings (SAGES)** | Provincial grant introduced by the Government of Saskatchewan in 2013 for eligible children residing in Saskatchewan. Saskatchewan matches 10% of RESP contributions in SAGES amounts, up to $250 per beneficiary for each eligible year, until the end of the calendar year in which a beneficiary turns 17. Total SAGES payments per beneficiary could reach $4,500 if the beneficiary is eligible from birth until age 17. |
| Note: On March 22, 2017, the Government of Saskatchewan announced that the SAGES will be suspended, effective January 1, 2018, until further notice. |

| **Sending RESP provider** | The person or organization holding the RESP from which property is transferred to another plan. |
|------------------------------------------|

| **Siblings-only family RESP** | A family RESP in which every beneficiary is a brother or sister of every other beneficiary. |
|------------------------------------------|

<p>| <strong>Spouse</strong> | The cohabiting spouse or common-law partner of the primary caregiver, consistent with the meaning assigned in section 122.6 of the Income Tax Act, who has not been separated from the primary caregiver for more than 90 days because of a breakdown in the relationship. |</p>
<table>
<thead>
<tr>
<th><strong>Specified educational program</strong></th>
<th>A specified educational program means a program at a post-secondary school level that is not less than three consecutive weeks in duration and that requires each student taking the program to spend not less than 12 hours per month on courses in the program. See <strong>qualifying educational program</strong>.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specified plan</strong></td>
<td>A single beneficiary RESP under which the beneficiary is an individual who meets the conditions and is entitled to a disability tax credit, until the end of the year that is the 31st year following the year in which the plan was opened. After the end of the 35th year following the year in which the plan was entered into, a specified plan must not permit another individual to be designated as a beneficiary under the plan. No contributions (other than a transfer from another plan) may be made to a specified plan after the 35th year following the year the plan was entered into. The plan must be terminated by the end of the 40th year after the year the plan was opened.</td>
</tr>
<tr>
<td><strong>Subscriber</strong></td>
<td>The individual who enters into an RESP contract with an RESP promoter, and names one or more beneficiaries for whom he or she will make contributions. Typically, the subscriber is the child’s parent or parents, but it can also be a grandparent, another family member, or a family friend. A beneficiary can also be the subscriber of their own RESP.</td>
</tr>
<tr>
<td><strong>Termination adjustment transaction</strong></td>
<td>Adjustment transactions, submitted by RESP promoters when they terminate a contract, that inform ESDC of a shortfall (due to losses in the plan) in covering the total grant or bond liability of the contract. ESDC must receive a repayment transaction due to contract termination (transaction type 21) for each termination adjustment transaction. See <strong>transaction type</strong>.</td>
</tr>
<tr>
<td><strong>Transaction ID</strong></td>
<td>A unique identifier assigned to each transaction by the RESP promoter.</td>
</tr>
<tr>
<td><strong>Transaction type</strong></td>
<td>The two-digit number following the Record Type (RT), which further categorizes the type of transaction submitted to the CESP system. See <strong>record type (RT)</strong>.</td>
</tr>
<tr>
<td><strong>Transfer transactions</strong></td>
<td>Transactions in which the transfer of funds from one RESP to another are recorded. They are reported to the CESP system as RT 400-19 (Transfer In) or as RT 400-23 (Transfer Out) records. See <strong>record type (RT)</strong>.</td>
</tr>
<tr>
<td><strong>Transferring RESP provider</strong></td>
<td>The person or organization holding the RESP from which property is transferred (to another plan). Other RESP documents may use different terms instead of “transferring” such as: sending, relinquishing, originating, and transferor.</td>
</tr>
<tr>
<td><strong>Trustee</strong></td>
<td>A trust company licensed in Canada to hold funds and hired by the RESP promoter to manage RESP funds. The trustee invests, administers and distributes the money deposited into the RESP as per the promoter’s instructions. In some cases, the same organization acts as both promoter and trustee. See <strong>RESP provider</strong>.</td>
</tr>
<tr>
<td><strong>Unassisted contributions</strong></td>
<td>A contribution made to an RESP for which no CESG has been paid.</td>
</tr>
</tbody>
</table>
Forms index

The Registered Education Savings Plan (RESP) Provider User Guide makes reference to a number of forms related to the application for and/or the management of processes associated with the education savings incentives administered by Employment and Social Development Canada.

The attached index lists all of the forms alphabetically and provides the location(s) in the guide where information and instructions pertaining to each form can be found.

In this appendix

Alphabetical list of forms .............................................................. D – 2
## 1. Alphabetical list of forms

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<th>Chapter</th>
<th>Heading</th>
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</thead>
<tbody>
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<td>Application: Basic and Additional Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB)</td>
<td>2</td>
<td><strong>Chapter 2-1</strong>: The Basic Canada Education Savings Grant</td>
<td>7.1. The application process – Basic CESG</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td><strong>Chapter 2-2</strong>: The Basic and Additional Canada Education Savings Grant</td>
<td>8.1. The application process – Basic and Additional CESG</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td><strong>Chapter 2-3</strong>: The Canada Learning Bond</td>
<td>4.1 The application process – CLB</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td><strong>Appendix A</strong>: Application forms – education savings incentives</td>
<td>1. Application form ESDC SDE 0093</td>
</tr>
<tr>
<td>Application: British Columbia Training and Education Savings Grant</td>
<td>4</td>
<td><strong>Appendix A</strong>: Application forms – education savings incentives</td>
<td>1.3.6 When applying for BCTESG</td>
</tr>
<tr>
<td>Application: Saskatchewan Advantage Grant for Education Savings</td>
<td>4</td>
<td><strong>Appendix A</strong>: Application forms – education savings incentives</td>
<td>1.3.5 When applying for SAGES</td>
</tr>
<tr>
<td>Request for an Educational Assistance Payment (EAP) Over $5,000 from a Registered Education Savings Plan</td>
<td>3</td>
<td><strong>Chapter 3-2</strong>: Post-secondary education and educational assistance payments</td>
<td>5.1.1 Full-time studies – EAPs in excess of $5,000</td>
</tr>
<tr>
<td>Request for an Educational Assistance Payment (EAP) Over $2,500 from a Registered Education Savings Plan</td>
<td>3</td>
<td><strong>Chapter 3-2</strong>: Post-secondary education and educational assistance payments</td>
<td>5.1.2 Part-time studies – EAPs in excess of $2,500</td>
</tr>
<tr>
<td>Form title</td>
<td>Section</td>
<td>Chapter</td>
<td>Heading</td>
</tr>
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</tr>
<tr>
<td>RESP transfer form</td>
<td>1</td>
<td>Chapter 1-4: Registered Education Savings Plans</td>
<td>7.3. Recording transfers</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Chapter 3-1: RESP transfers and the education savings incentives</td>
<td>5. Transfer forms</td>
</tr>
<tr>
<td>Saskatchewan Advantage Grant for Education Savings Waiver of Repayment</td>
<td>2</td>
<td>Chapter 2-5: Saskatchewan Advantage Grant for Education Savings (SAGES)</td>
<td>8.2.2. Waiver of repayment</td>
</tr>
<tr>
<td>SIN application form</td>
<td>1</td>
<td>Chapter 1-4: Registered Education Savings Plans</td>
<td>2.3. Social Insurance Numbers (SINs)</td>
</tr>
<tr>
<td>Subscriber statement for an RESP overcontribution withdrawal of $4,000 or less</td>
<td>2</td>
<td>Chapter 2-1: The Basic Canada Education Savings Grant</td>
<td>9.2.1. Order of contribution withdrawals, (box: withdrawals to correct an overcontribution)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Chapter 2-2: The Basic and Additional Canada Education Savings Grant</td>
<td>10.2.1. Order of contribution withdrawals, (box: withdrawals to correct an overcontribution)</td>
</tr>
<tr>
<td>T1E-OVP Individual income tax return for RESP excess contributions for (year) *</td>
<td>1</td>
<td>Chapter 1-4: Registered Education Savings Plans</td>
<td>5. Overcontributions</td>
</tr>
</tbody>
</table>

* Canada Revenue Agency (CRA) form.
The Canada Education Savings Program (CESP), within Employment and Social Development Canada (ESDC), is responsible for administering the following education savings incentives available to eligible beneficiaries of Registered Education Savings Plans (RESPs):

- Canada Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

This appendix explains the reasons for error codes, as well as possible means to resolve them, when the CESP system does not accept transactions submitted by RESP providers.

See Appendix C for a list of acronyms and terms used in this guide.

In this appendix

1. Background information ............................................................. E – 2
2. Error codes ............................................................................. E – 3
1. Background information

This document provides information to assist RESP providers understand error codes. For additional technical information, consult the Interface Transaction Standards (ITS). The ITS can be downloaded from the Canada.ca/RESPresources website under the Systems Documentation tab.

1.1. What is an error code?

An error code is a 4-digit code, which indicates why the CESP system has not accepted a transaction sent by an RESP promoter.

1.2. How are error codes reported to promoters?

The CESP system reports transaction errors in monthly error report files (.err) sent to promoters. Each rejected transaction generates a corresponding record type 800 transaction that references the original promoter transaction identifier, along with the name of the field in error.

1.3. How does an error code differ from a refusal reason?

If the CESP system cannot process an RESP transaction sent by a promoter, due to an error in the transaction information, the CESP system will reject the transaction. In these cases, the promoter will receive a corresponding record type 800 transaction with an error code indicating why the CESP system did not process the transaction. Promoters must investigate error codes and resubmit new transactions with the corrected information.

Transactions successfully processed by the CESP system will not generate error codes. However, a processed transaction will receive a refusal reason if the CESP does not pay the full amount of grant or bond for a transaction.

1.4. Using this document

This document lists:

- Error codes, the corresponding ITS description and explanations.
## 2. Error codes

<table>
<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
</tr>
</thead>
</table>
| **1004** Transaction is for a future reporting period | **Error code 1004** is generated when the transaction date reported in a Record Type (RT) 100, RT 200, RT 400, RT 410, RT 411 or RT 511 is for a future reporting period. The transaction date refers to the date on which the transaction occurred between the subscriber and the promoter.  
**RESOLUTION:** Promoters report all transactions in a reporting period following the end of the period in which the transaction occurred. Reporting periods extend from the first day of the month to the last day of the same month. Promoters have four (4) business days after the reporting period ends to finalize their files. Transactions, with a transaction date following the last day of the reporting period, should not be submitted. Should there be system related problems; the promoter is to contact the CESP directly. |
| **1005** Specimen plan does not exist | **Error code 1005** is generated on RT 100, RT 200, RT 400, RT 410, RT 411 or RT 511 when the promoter submits a specimen plan ID that does not exist in the CESP System.  
**RESOLUTION:** Promoters should first verify the specimen plan ID submitted to the program before any transactions are processed in the CESP System. |
| **1007** Specimen Plan is not approved for CESG | **Error code 1007** is generated when the specimen plan has not been approved for CESG. The Specimen Plan must be approved for CESG if:
- Transaction Type is 11 or 14.
- Transaction Type is 13 and EAP Grant amount is greater than zero.
- Transaction Type is 19, 21, 22, 23 and Grant amount is greater than zero.

**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter secures a new specimen plan ID from the Canada Revenue Agency (CRA), the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new specimen plan ID. |
## Appendix E: Understanding error codes

<table>
<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
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</thead>
</table>
| **1008**   | Error code 1008 is generated when the specimen plan has not been approved for CLB. The Specimen Plan must be approved for CLB if:  
  - Transaction Type is 13 and EAP CLB amount is greater than zero.  
  - Transaction Type is 19, 21, 22, 23 and CLB amount is greater than zero.  
  - Transaction Type is 24.  
  
**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter secures a new specimen plan ID from the CRA, the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new specimen plan ID. |
| **1010**   | Error 1010 is generated when a RT 400-24, RT 410-30, RT 411-40 and/or RT 511-12 contract is not 'Individual Sibling Only'.  
  
**RESOLUTION:** The RT 100 should be submitted/resubmitted for these contracts with an Individual Sibling Only Flag of '1' to the Program. If the RT 100 was never submitted to the CESP system, the contract creation date can be used as the contract transaction date as long as, the contract held an individual sibling only status upon account creation. If an RT 100 has already been submitted, the resubmission of this contract record with the individual sibling only flag of '1' requires a current version status. In order for a contract record to obtain a current version status, the contract date used should be greater or equal to the date previously reported. All financial transactions that previously received error code 1010 can now be resubmitted along with the RT 100 resubmission(s). Note that financial transactions with a transaction date that precedes its associated contract transaction date will not qualify for payment. |
| **1011**   | Error code 1011 is generated because senders must be authorized to submit transactions with CESG content if:  
  - Transaction Type is 11 or 14.  
  - Transaction Type is 19, 21, 22, 23 and grant amount is greater than zero.  
  - Transaction type is 13 and EAP grant amount > zero.  
  
**RESOLUTION:** To become authorized, the promoter must meet the requirements of a qualification process and be added to the CESP system. The promoter must then pass industry testing with an overall success rate of 90 per cent or greater before submitting files for processing. If a service provider is sending files on behalf of multiple promoters, each one of those Senders must pass industry testing with their own data. |
### Appendix E: Understanding error codes

<table>
<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
</tr>
</thead>
</table>
| 1012       | **Error code 1012** is generated because sender must be authorized to submit transactions with CLB content if:  
  - Transaction Type is 24.  
  - Transaction Type is 19, 21, 22, 23 and CLB amount is greater than zero.  
  - Transaction Type is 13 and CLB EAP amount is greater than zero.  
**RESOLUTION:** To become authorized, the promoter must meet the requirements of a qualification process and be added to the CESP system. The promoter must then pass industry testing with an overall success rate of 90 per cent or greater before submitting files for processing. If a service provider is sending files on behalf of multiple promoters, each one of those Senders must pass industry testing with their own data. |
| 1013       | **Error code 1013** is generated because sender must be authorized to submit transactions with Alberta Grant content if Transaction type is 25.  
**RESOLUTION:** Alberta Grant requests and Alberta Grant Request reversals are no longer accepted by the CESP system. |
| 1014       | **Error code 1014** is generated because sender must be authorized to submit transactions with Additional CESG content if:  
  - Transaction Type is 11 and PCG/Spouse is present.  
  - Transaction Type is 11 and PCG/Spouse Given Name is present.  
  - Transaction Type is 11 and PCG/Spouse Surname is present.  
  - Transaction Type is 11 and PCG/Spouse Type is present.  
  - Transaction Type is 12.  
**RESOLUTION:** To become authorized, the promoter must meet the requirements of a qualification process and be added to the CESP system. The promoter must then pass industry testing with an overall success rate of 90 per cent or greater before submitting files for processing. If a service provider is sending files on behalf of multiple promoters, each one of those Senders must pass industry testing with their own data. |
| 1015       | **Error code 1015** is generated because senders must be authorized to submit transactions with SAGES content if:  
  - Transaction Type is 30 or 31.  
  - Transaction Type is 19, 21, 22, 23 and SAGES amount is greater than zero.  
  - Transaction type is 13 and EAP SAGES amount is greater than zero.  
**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter either secures a new specimen plan ID or amends an existing specimen plan with the CRA, the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new or amended specimen plan ID. |
## Appendix E: Understanding error codes

<table>
<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
</tr>
</thead>
</table>
| **1016**   | **Specimen Plan is not approved for SAGES** | **Error code 1016** is generated when the specimen plan has not been approved for SAGES. The Specimen Plan must be approved for SAGES if the following transactions are being submitted for processing:  
  - Transaction Type 30 or 31.  
  - Transaction Type 13 and EAP SAGES amount is greater than zero.  
  - Transaction Type 19, 21, 22 or 23 and SAGES amount is greater than zero.  

**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter secures a new specimen plan ID from the CRA, the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new specimen plan ID. |
| **1017**   | **Sender is not authorized to submit transactions with BCTESG content** | **Error code 1017** is generated because senders must be authorized to submit transactions with BCTESG content if:  
  - Transaction Type is 40 or 41.  
  - Transaction Type is 19, 21, 22, 23 and BCTESG amount is greater than zero.  
  - Transaction type is 13 and EAP BCTESG amount is greater than zero.  

**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter **either** secures a new specimen plan ID **or amends an existing specimen plan with the CRA**, the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new **or amended** specimen plan ID. |
| **1018**   | **Specimen plan is not approved for BCTESG** | **Error code 1018** is generated when the specimen plan has not been approved for BCTESG. The specimen plan must be approved for BCTESG if the following transactions are being submitted for processing:  
  - Transaction Type 40 or 41.  
  - Transaction Type 13 and EAP BCTESG amount is greater than zero.  
  - Transaction Type 19, 21, 22 or 23 and BCTESG amount is greater than zero.  

**RESOLUTION:** Only approved specimen plans are accepted in the CESP database. When a promoter secures a new specimen plan ID from the CRA, the promoter should contact CESP as soon as possible so the CESP database can be updated accordingly prior to any processing of transactions under the new specimen plan ID. |
<table>
<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
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<tbody>
<tr>
<td><strong>2027</strong></td>
<td><strong>Error code 2027</strong> is generated on RT 200-03, RT 400 (specifically Transaction Types 11, 13, 14, 24 and 21 if the CLB amount is greater than zero), RT 410, RT 411 and on RT 511. The transaction date represents the date the activity (financial or other) occurred between the promoter and the subscriber of the RESP. <strong>RESOLUTION:</strong> The transaction date must be on or subsequent to the beneficiary’s date of birth. The promoter should correct the transaction date and resubmit the transaction.</td>
</tr>
<tr>
<td><strong>2033</strong></td>
<td><strong>Error code 2033</strong> is generated because the transaction date must be before beneficiary’s twenty first birthday if Transaction Type is 24. <strong>RESOLUTION:</strong> When transaction type is 24, the transaction date must be before the beneficiary’s 21st birthday. The promoter should correct the transaction date and resubmit the transaction.</td>
</tr>
<tr>
<td><strong>3006</strong></td>
<td><strong>Error code 3006</strong> is generated on RT 400. In Transaction Types 11- Contribution, 13- EAP and 14- PSE Contribution Withdrawal. The contribution amount, EAP amount, and PSE amount must be a numeric value from 0.01 to 9,999,999.99. <strong>RESOLUTION:</strong> The amount indicated in the contribution, the EAP or the PSE contribution withdrawal fields must be a number between 0.01 and 9,999,999.99. The promoter should correct the amount and resubmit the transaction.</td>
</tr>
<tr>
<td><strong>3099</strong></td>
<td><strong>Error code 3099</strong> is generated on RT 400, specifically on the Grant amount, EAP Grant amount, CLB amount and CLB EAP amount fields. CLB amount – if an amount is entered, dollar value must be 0.00 to 20,000 if transaction type = 19, 23 or 22. CLB amount – if amount is entered, dollar value must be 0.00 to 5,000.00 if transaction type = 21. CLB EAP amount – if amount entered, dollar value must be 0.00 to 5000.00 if transaction type = 13. Grant amount, EAP Grant amount, SAGES amount, SAGES EAP amount fields, BCTESG amount and BCTESG EAP amount when mandatory, must be populated with a numerical value from 0.00 to 9,999,999.99. <strong>RESOLUTION:</strong> For transaction types 19, 22 or 23, the CLB amount must be between 0.00 and 20,000. For transaction type 21, the CLB amount must be between 0.00 and 5,000.00. For transaction type 13, the CLB EAP amount must be between 0.00 and 5000.00. Grant amounts, EAP Grant amounts, SAGES amounts, SAGES EAP amounts, BCTESG amounts and BCTESG EAP amounts must be between 0.00 and 9,999,999.99 when mandatory. The promoter should correct the amount in error and resubmit the transaction.</td>
</tr>
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</table>
### Appendix E: Understanding error codes

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<th>ERROR CODE</th>
<th>EXPLANATION</th>
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<tbody>
<tr>
<td><strong>5025</strong></td>
<td><strong>ERROR CODE</strong> 5025 is generated because the contribution transaction being referred to has been reversed. <strong>RESOLUTION:</strong> The transaction cannot be processed.</td>
</tr>
<tr>
<td>Contribution transaction has been reversed - invalid status</td>
<td></td>
</tr>
<tr>
<td><strong>5026</strong></td>
<td><strong>ERROR CODE</strong> 5026 is generated because of an error in the contribution transaction which means the transaction referring to the contribution cannot be processed. <strong>RESOLUTION:</strong> The error must be corrected in the contribution transaction before submitting an updated transaction.</td>
</tr>
<tr>
<td>Error in contribution transaction, current transaction cannot be processed</td>
<td></td>
</tr>
<tr>
<td><strong>5027</strong></td>
<td><strong>ERROR CODE</strong> 5027 is generated when a transaction refers to a contribution that cannot be found in the CESP system. <strong>RESOLUTION:</strong> If the contribution transaction does not exist in the CESP system, it is not possible to process a transaction that refers to the contribution.</td>
</tr>
<tr>
<td>Unable to locate the contribution transaction</td>
<td></td>
</tr>
<tr>
<td><strong>5028</strong></td>
<td><strong>ERROR CODE</strong> 5028 - Date of contribution transaction must be later than December 31, 2004. <strong>RESOLUTION:</strong> The contribution transaction date must be later than December 31, 2004. The promoter must correct the date and resubmit.</td>
</tr>
<tr>
<td>Date of contribution transaction must be later than December 31, 2004</td>
<td></td>
</tr>
<tr>
<td><strong>5029</strong></td>
<td><strong>ERROR CODE</strong> 5029 - PCG/Spouse Information is same as in contribution transaction received in the same period - no processing performed. <strong>RESOLUTION:</strong> The following fields must be different for the system accepts the transaction: • Promoter BN, Specimen Plan ID, Contract ID, PCG/Spouse , PCG/Spouse given name, PCG/Spouse surname, PCG/Spouse type</td>
</tr>
<tr>
<td>PCG/Spouse information is same as in contribution transaction received in the same period - no processing performed</td>
<td></td>
</tr>
<tr>
<td><strong>5030</strong></td>
<td><strong>ERROR CODE</strong> 5030 - In order to request Additional CESG, the original contribution transaction (RT 400-11) must request grant. <strong>RESOLUTION:</strong> The original contribution transaction must request CESG. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td>Contribution transaction did not request grant</td>
<td></td>
</tr>
<tr>
<td><strong>5031</strong></td>
<td><strong>ERROR CODE</strong> 5031 - The contribution transaction date must be earlier than the specimen plan eligibility end date. <strong>RESOLUTION:</strong> The promoter must correct the contribution transaction date and resubmit.</td>
</tr>
<tr>
<td>Contribution transaction date is later than Specimen Plan eligibility end date</td>
<td></td>
</tr>
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<td>ERROR CODE</td>
<td>EXPLANATION</td>
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| 5032       | Error code 5032 - A more recent PCG/Spouse information transaction is already associated to the contribution.  
**RESOLUTION:** If Additional CESG refusal reason is I, L or M, PCG/Spouse information should be updated (through another RT 511) by using a later date than the previously submitted RT 511. If Additional CESG refusal reason is 4, beneficiary information should be corrected at the CRA (refer to the “Beneficiary Matching Report for Refusal Reason 4” for unmatched fields), then RT 511 (with same PCG/Spouse information) should be submitted with a later date than the previously submitted RT 511. |
| 5033       | Error code 5033 - RT 511 is being submitted for a RT 400-11 transaction that is no longer eligible for additional grant due to 3 year rule. (The transaction date of the RT 400-11 and file sent date of the RT 511 exceed 36 months.)  
**RESOLUTION:** There can be no more than 36 months between the RT 400-11 transaction date and the RT 511 sent date. The promoter must correct and resubmit. |
| 5034       | Error code 5034 - Date of contribution transaction must be later than December 31, 2012 to receive SAGES.  
**RESOLUTION:** The contribution transaction date must be on or after January 1, 2013. |
| 5035       | Error code 5035 - A transaction to cancel a SAGES request has been received, however the original SAGES request transaction (RT 410-30) did not request SAGES.  
**RESOLUTION:** If the intent was to request SAGES, resubmit the contribution with this request. |
| 5036       | Error code 5036 - A cancel SAGES request transaction (RT 410-31) has been received for a transaction that is already cancelled.  
**RESOLUTION:** Confirm the status of the original SAGES transaction prior to submitting a RT 410-31. |
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| **6000**   | Physical file name does not correspond to file name in header record | **Error code 6000** is generated when there is a discrepancy between the file name sent by the promoter and the header record within the file. As outlined in the Interface Transaction Standards, the physical naming of a file must follow the proceeding format:  

**Header To CESP:** 001 + Sender BN + Date Sent + Sender file number  

For further information on file naming conventions, we recommend that you refer to the Interface Transaction Standards 5.0.  

The combination of Sender BN, Date Sent and File Number must match in both the file name and the header record.  

Please contact the CESP directly for any systems problems relating to the structure of files and records.  

**RESOLUTION:** The physical file name and the Header Record (the first record in the file) must be the same excluding the file type in the header record. The promoter must correct and resubmit. |
| **6001**   | Incorrect format of physical file name | **Error code 6001** is generated when the physical file name does not adhere to the File Naming Standard outlined in the Interface Transaction Standards 4.4. Physical naming of a file must follow the format below:  

**To CESP:** File Type + Sender BN + Date Sent + Sender file number  

The File Type is a single uppercase character that indicates the type of file being submitted. P = Production Data file, S = Summary Reporting file, T = Test file, or Z = Test Summary Reporting file.  

The promoter BN must be a 15-character alphanumeric field.  

The Date Sent format is: YYYYMMDD.  

The File Number is a two digit number assigned by the Sender to distinguish between multiple files sent to CESP on the same day. If the Sender sends one file in a day, a file number must still be used. The file number does not need to follow a strict sequence.  

**RESOLUTION:** The physical file name must adhere to the File Naming Standard. The promoter must rename the file and resubmit. |
| **6002**   | Duplicate record with same file name found in database | **Error code 6002** - The combination of Sender BN, Date Sent and Sender File number submitted by the Sender must be unique. If the same combination has already been received and processed by the CESP System, the file is rejected. A file number may be repeated by a promoter, providing the Date Sent is different. Additionally, two or more files can be submitted on the same day (with the same Date Sent), providing each file has its own unique file number.  

**RESOLUTION:** File names must be unique. The promoter must rename the file per the File Naming Standard while making sure that it has its own unique number and resubmit. |
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<th>ERROR CODE</th>
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<tr>
<td><strong>6003</strong></td>
<td><strong>No header record</strong></td>
</tr>
<tr>
<td><strong>6005</strong></td>
<td><strong>Too many header records in File</strong></td>
</tr>
<tr>
<td><strong>6006</strong></td>
<td><strong>This BN is not authorized to send files</strong></td>
</tr>
<tr>
<td><strong>6010</strong></td>
<td><strong>Record count does not match the number of records in file</strong></td>
</tr>
<tr>
<td><strong>6011</strong></td>
<td><strong>Too many trailer records in file</strong></td>
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<td>ERROR CODE</td>
<td>EXPLANATION</td>
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<tr>
<td>6012</td>
<td><strong>Error code 6012</strong> is generated when a file is submitted without a RT 999. The RT 999-Trailer Record is mandatory in each file submitted by the Sender and is used to provide CESP and the promoter’s system with a control count of the number of records in each file. <strong>RESOLUTION:</strong> A trailer record must be included in the file. The promoter must add a trailer record and resubmit.</td>
</tr>
<tr>
<td>6014</td>
<td><strong>Error code 6014</strong> is generated when the data version in the file is not the current version. The Data Version is a mandatory field of the RT 001-Header Record and must be populated with the current version number of the ITS in order to be processed successfully. <strong>RESOLUTION:</strong> The data version indicated in the file must be the most current version of the ITS. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td>6015</td>
<td><strong>Error code 6015</strong> is generated when there is another character or transaction found after the RT 999-Trailer Record. The RT 999 must be the last record in each file and contain an accurate control count or the file is rejected. For further validation rules on the RT 999, please refer to the ITS. <strong>RESOLUTION:</strong> The trailer record must be the last record in the file. The promoter must delete all additional spaces or characters that may be after the trailer record and resubmit.</td>
</tr>
<tr>
<td>6016</td>
<td><strong>Error code 6016</strong> is generated when there is another character or transaction found before the RT 001-Header Record. The RT 001 must be the first record in each file or the file is rejected. For further validation rules on the RT 001, please refer to the ITS. <strong>RESOLUTION:</strong> The header record must be the first record in the file. The promoter must delete all additional spaces or characters that may be before the header record and resubmit.</td>
</tr>
<tr>
<td>ERROR CODE</td>
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| 7000       | **Error code 7000** - Error code 7000 is most commonly generated for one of the following reasons:  
1. The date field in error which was submitted on a RT 100, RT 200, RT 400, RT 410, RT 411 or RT 511 is not submitted in a valid date format, or  
2. The year of birth submitted does not match the year of birth already established for the beneficiary in the CESP system for the beneficiary.  

If this error is generated, the beneficiary information is not sent to the Social Insurance Registry (SIR) for validation.  

Please note that for an error code 7000, the five SIR fields are not populated in the Record Type 900-Transaction Error Report because the transaction is rejected before being sent to SIR for validation.  

**RESOLUTION:** (1) The CESP system requires that all dates be formatted YYYYMMDD, numerals only without delimiters such as spaces or punctuations. To correct this error, the promoter will ensure the date being submitted is formatted as outlined in the Interface Transaction Standards 4.4 in section 2.8.  

(2) If the birth date format is correct, the promoter should verify the birth date on their records with the custodial parent and/or subscriber of the RESP. Should the custodial parent and/or subscriber confirm the date of birth already being submitted, the promoter should direct him/her to contact the SIR.  

An error code 7000 received on an RT 200-03 beneficiary information transaction should be perceived by the promoter as similar to an error code 7006-Invalid SIN. The year of birth being submitted does not correspond with the year of birth already validated by SIR. However, since the remaining four fields (Given Name, Surname, Sex, and SIN) are not sent to SIR for validation, the CESP advises that all five fields be verified with the subscriber/custodial parent.  

The CESP has noted that a very small number of 7000 errors received on the RT 200-03 require manual intervention on the part of the program. Your promoter support officer is responsible to review monthly any ‘potential’ manual fixes for your company. However, should you have concern that a 7000 error received requires manual intervention, please contact your promoter support officer.
# Appendix E: Understanding error codes

## ERROR CODE: 7001

### EXPLANATION

**Error code 7001** - informs promoters that a transaction used an invalid value. This is a common error when promoters submit a financial transaction (RT 400) using a beneficiary SIN that is not currently established in the CESP system. A beneficiary SIN would not be established in the CESP system for the following reasons:

1. The RT 200-03 Beneficiary Information transaction was never submitted;
2. The RT 200-03 Beneficiary Information transaction was submitted but was rejected with an error code;
3. The beneficiary SIN is no longer valid in the CESP system.

### A. Error code 7001 could also be sent when a new SAGES request is received during the SAGES suspension period for a contribution that previously had a successfully processed SAGES request;

### RESOLUTION:

1. **If you have not submitted a RT 200-03 Beneficiary Information transaction:**
   
   Please submit a RT 200-03 in the following production run. The financials can be submitted in the same month for processing.

2. **If you have submitted a RT 200-03 Beneficiary Information transaction and received an error code:**
   
   Check the error reports returned by the CESP to verify why the RT 200-03 did not process successfully. The error report will provide the error that was generated on the RT 200-03, as well as the field that was in error. This error should be corrected and the RT 200-03 resubmitted. The financial transactions (RT 400) can then be submitted for processing in the same file as the correct RT 200-03.

3. **If you have already successfully submitted a RT 200-03 Beneficiary Information transaction:**
   
   The CESP validates, on a monthly basis, the usability of the SIN for all beneficiaries already established in the system. The SIN Validation Report (RT 920) notifies promoters when beneficiaries have SIN issues. If beneficiary SIN information changes (e.g. permanent SIN replaces an expired 900 series SIN), the beneficiary SIN in the CESP system becomes a linked SIN (SIN Issue 3 in RT 920) and the CESP rejects financial transactions (RT 400), submitted using the original SIN, with an error code 7001. The promoter must submit a new RT 200-03 Beneficiary Information transaction to the CESP with the updated beneficiary SIN and resubmit all financial transactions (RT 400) rejected with an error code 7001.

(A) Effective as of the February 2018 processing period, all SAGES requests submitted during the SAGES suspension period will be rejected for contributions that previously had a successfully processed SAGES request. This will prevent eligible SAGES amounts already received in an RESP from being reclaimed by ESDC.
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| 7002       | **Error code 7002** is generated on RT 100, RT 200, RT 400, RT 410, RT 411 or RT 511 when the Transaction Type referenced in the record is not supported by the CESP system or is not valid for the given record type. For a complete list of record types and their corresponding transactions types, please refer to pages 38, 41 and 46 of the ITS.  
**RESOLUTION:** Only use valid transaction types as per ITS. The promoter must correct and resubmit. |
| 7005       | **Error code 7005** is generated when data is missing from a mandatory field. When submitting a RT 001, RT 100, RT 200, RT 400, RT 410, RT 411, RT 511 or RT 999 to CESP, all mandatory fields, as per the ITS, must be filled. (Please refer to the Interface Transaction Standards document to identify mandatory fields for each RT.) Should any mandatory fields be left empty, the transaction will reject.  
**RESOLUTION:** Ensure all mandatory fields are populated before submitting transactions to the CESP system. |
| 7006       | **1. Error code 7006** is commonly generated by the CESP on RT 200-03 'Beneficiary Information' when the information in one or more of the five fields submitted by the promoter does not match what is held at SIR. The five fields verified with SIR are: SIN, Given Name, Surname, Sex, and Date of Birth. Any and all fields that are rejected by SIR are noted in the error report returned to the promoter by the CESP.  
**2.** An Invalid SIN error will also be returned if the beneficiary’s SIN is not numerically valid. A mathematical formula is used by ESDC to determine the validity of the composition of a SIN before the beneficiary’s information is sent to SIR. Therefore, if the Invalid SIN error is due to the SIN not being numerically valid, no information will appear in the five fields returned in the error report.  
**3.** In some instances, a promoter may receive an error code 7006 – Invalid SIN even though all five fields are designated with a ‘1’- Passed SIR Validation. This situation may occur where a SIN has been changed or linked to another SIN at SIR.  
**RESOLUTION: 1 & 2.** Determine which field is in error (as reported back to the promoter in the error report) and verify the information with the subscriber of the RESP. Should the subscriber confirm that the information is correct; the promoter should refer the subscriber to SIR. Please note that SIR will only discuss information held in their database with the beneficiary’s custodial parent. Once the information is corrected, the transaction should be resubmitted by the promoter.  
**3.** Where the promoter receives an error code 7006 - Invalid SIN, but all five fields are designated with a ‘1’- Passed SIR Validation, the promoter should contact the subscriber and/or custodial parent to verify if the beneficiary’s SIN has been changed for any reason since initially provided. Should the subscriber/custodial parent confirm that the beneficiary’s SIN has been changed, the promoter must submit a new RT 200-03 - Beneficiary Information – with the new SIN for each contract and specimen plan held for that beneficiary.  
The promoter should also contact the CESP to advise that a new SIN is
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<td>being submitted for the beneficiary and to discuss any further transactions that may need to be submitted to update the beneficiary’s accounts.</td>
</tr>
<tr>
<td>7008</td>
<td><strong>Error code 7008</strong> is generated on RT 100, RT 200, RT 400, RT 410, RT 411 or RT 511 where the Specimen Plan ID referenced is not recognized by the CESP system as belonging to the promoter. The Specimen Plan ID is a numeric identifier assigned to the promoter by the CRA. To become authorized, the promoter must meet the requirements of a qualification process and be added to the CESP system. The promoter must then pass industry testing with an overall success rate of 90 per cent or greater before submitting files for processing. If a service provider is sending files on behalf of multiple promoters, each one of those promoters must pass industry testing with their own data. <strong>RESOLUTION:</strong> If the specimen plan was erroneously indicated, the promoter must correct and resubmit. If the specimen plan is new to the promoter, the promoter must contact CESP to initiate Industry Testing.</td>
</tr>
<tr>
<td>7017</td>
<td><strong>Error code 7017</strong> is generated on RT 400 with a transaction date that is prior to 1998. The CESP was announced in the February 1998 Budget and only maintains records of RESP activity that occurred on or after January 1, 1998. <strong>RESOLUTION:</strong> The transaction date must be after December 31, 1997. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td>7018</td>
<td><strong>Error code 7018</strong> is generated when the transaction date of an RT 400 reversal is prior to the date of the original transaction. The transaction date must be on or after the original transaction date if the reversal flag = 2. <strong>RESOLUTION:</strong> The promoter will ensure that the date of the transaction they intend to reverse is on or after the transaction date of the original transaction.</td>
</tr>
<tr>
<td>7020</td>
<td><strong>Error code 7020</strong> is generated when the promoter attempts to submit reversals for financial transactions that were not processed successfully by the CESP system. The RT 400 ‘Original Promoter Trans ID’ field being referenced in the RT 400 reversal was not processed successfully. <strong>RESOLUTION:</strong> The promoter will verify that the original promoter transaction ID has been processed by the CESP System prior to submitting a reversal for that transaction.</td>
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| 7021       | Original transaction and its reversal were found in the same processing period – no processing performed.  
Error code 7021 is generated when a reversal and its’ original transaction are submitted in the same processing period. CESP supports corrections to financial transactions (RT 400) by submitting a transaction to reverse the original transaction and resubmitting another transaction with the corrected information. The reversal transaction indicates that the transaction and amounts reported did not actually occur as reported. A reversal transaction must always include the promoter BN and transaction ID from the original RT 400 transaction that is to be reversed. If the original transaction and the reversal are submitted in the same processing period, both will be rejected and no processing will occur.  
**RESOLUTION:** Since no processing occurs when this error is generated, promoters need only to submit a transaction with the correct information in the following production run. |
| 7022       | Unable to locate the original transaction  
Error code 7022 is generated when the original transaction ID being referenced in a reversal cannot be matched or found in the CESP System. This occurrence is commonly due to an original transaction never having been submitted or having been rejected.  
The CESP system supports corrections to RT 400-Financial Transactions by submitting a transaction to reverse the original transaction and then resubmitting another transaction with the corrected information. A reversal indicates that the transaction and amounts reported did not actually occur as reported. A reversal transaction must always include the promoter BN and transaction ID from the original RT 400 transaction that is to be reversed.  
**RESOLUTION:** The promoter will verify the Original Transaction ID and Original Promoter BN being referenced in the reversal to ensure the original transaction was submitted and processed successfully. |
| 7023       | The status of the original transaction is invalid  
Error code 7023 is generated when the original transaction ID being referenced is not in “Processed” status. For a reversal to be processed, the original transaction must have a ‘Processed’ status in the CESP system. If the original transaction has already been reversed, the subsequent reversal will raise error code 7023. The CESP system supports corrections to RT 400-Financial Transactions by submitting a transaction to reverse the original transaction and then resubmitting the corrected information. A reversal indicates that the transaction and amounts reported did not actually occur as reported. A reversal transaction must always reference the original RT 400 transaction being reversed by referencing the promoter BN and transaction ID that appears on the original transaction.  
**RESOLUTION:** The promoter will confirm the status of the original transaction that they intend to reverse before submitting a transaction reversal. |
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| 7030       | **Error code 7030** is generated when a Sender BN specified in the header record is not authorized to send data pertaining to that specimen plan ID. The specimen plan ID is a numeric identifier assigned to the promoter by the CRA.  
**RESOLUTION:** To become authorized, the sender/promoter must meet the requirements of a qualification process and be added to the CESP system. The Sender must then pass industry testing with an overall success rate of 90 per cent or greater before submitting files for processing. If a service provider is sending files on behalf of multiple promoters, each one of those promoters must pass industry testing with their own data. |
| 7031       | **Error code 7031** is generated when the CESP system is unable to process an RT 400, RT 410, RT 411 or RT 511 because the beneficiary has not been associated with the specimen plan identified in the Specimen Plan ID field of the transaction. The beneficiary would not be associated with the specimen for any of the following reasons:  
1. The RT 200-03 Beneficiary Information transaction was never submitted;  
2. The RT 200-03 Beneficiary Information transaction was submitted but was rejected for an error  
3. The RT 200-03 Beneficiary Information was submitted and processed, but the Specimen Plan ID given in the RT 400 does not correspond with the Specimen Plan ID in the RT 200-03.  
**RESOLUTION:** If you have not submitted an RT 200-Beneficiary Information  
(1) Please submit an RT 200-03 in the following production run. The financials can be submitted in the same month for processing.  
If you have submitted an RT 200-03 Beneficiary Information transaction  
(2) Check the error reports returned by the CESP system to verify why the RT 200-03 did not process successfully. The error report will provide the error that was generated on the RT 200-03, as well as the field that was in error. This error should be corrected and the RT 200-03 resubmitted. The financials can then be submitted for processing.  
(3) Check the processing reports returned by the CESP system to verify the Specimen Plan ID given in the RT 200-03 Beneficiary Information transaction. Ensure that this Specimen Plan ID corresponds with the Specimen Plan ID submitted in the RT 400. |
| 7032       | **Error code 7032** is generated on RT 400 in relation to Transaction Type 13, 19, 21, 22, and 23. A request for CLB amount or CLB EAP amount is made and the beneficiary does not have a CLB account.  
**RESOLUTION:** The beneficiary must have a CLB account. The promoter must correct and resubmit. |
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<thead>
<tr>
<th>ERROR CODE</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7033</strong></td>
<td>The SIN or BN is not numerically valid</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td>Error code 7033 - occurs when the SIN or BN is not numerically valid. A mathematical formula is used by ESDC to determine the validity of the composition of a SIN before the beneficiary's information is sent to SIR.</td>
</tr>
<tr>
<td><strong>RESOLUTION:</strong></td>
<td>Resubmit transaction with an accurate SIN or BN.</td>
</tr>
<tr>
<td><strong>7034</strong></td>
<td>Transaction date must be on or after January 1, 2004</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td>Error code 7034 is generated when the Transaction Date is before January 1, 2004 and the Transaction Type is 24 or;</td>
</tr>
<tr>
<td></td>
<td>• The Transaction Date is before January 1, 2004 if Transaction Type is 19, 21, 22 or 23 and CLB amount is greater than zero.</td>
</tr>
<tr>
<td></td>
<td>• The Transaction Date is before January 1, 2004 if Transaction Type is 13 and CLB EAP amount is greater than zero.</td>
</tr>
<tr>
<td><strong>RESOLUTION:</strong></td>
<td>The transaction date must be on or after January 1, 2004. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td><strong>7035</strong></td>
<td>Transaction date must be on or after January 1, 2005</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td>Error code 7035 is generated when the Transaction Date is before January 1, 2005 and the Record Type and Transaction Type is 511-12.</td>
</tr>
<tr>
<td><strong>RESOLUTION:</strong></td>
<td>The transaction date must be on or after January 1, 2005. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td><strong>7036</strong></td>
<td>Must be zero or blank if transaction Type 21 and repayment reason is 1</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td>Error code 7036 is generated when the Transaction Type is 21, the repayment reason = 1 and a non-zero amount is provided for any of the following fields:</td>
</tr>
<tr>
<td></td>
<td>• CLB amount</td>
</tr>
<tr>
<td></td>
<td>• BCTESG amount</td>
</tr>
<tr>
<td><strong>RESOLUTION:</strong></td>
<td>The CLB amount and BCTESG amount must be zero or blank when transaction type is 21 and repayment reason is 1. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td><strong>7037</strong></td>
<td>Date of birth is prior to January 1, 2004</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td>Error code 7037 - CLB incentives only began being offered in January 2004. Beneficiary date of birth must be on or after January 1, 2004 in order to be eligible for CLB.</td>
</tr>
<tr>
<td><strong>RESOLUTION:</strong></td>
<td>The transaction date must be on or after January 1, 2004. The promoter must correct and resubmit.</td>
</tr>
<tr>
<td>ERROR CODE</td>
<td>EXPLANATION</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| **7039**   | Transaction date is earlier than contribution transaction date | Error code 7039 is generated when the transaction date used in the RT 511-12 must be equal to or greater than the transaction date used in the original RT 400-11 transaction.  
**Note:** If the RT 511-12 is an update, the transaction date should be later than the transaction date used in the previously submitted 511-12.  
**RESOLUTION:** The RT 511-12 transaction date must be equal or later than the original RT 400-11 transaction date. The promoter must correct and resubmit. |
| **7040**   | Transaction date must be on or after January 1, 2013 | Error code 7040 is generated when the date of the SAGES request transaction is before January 1, 2013.  
**RESOLUTION:** The transaction date must be on or after January 1, 2013. Correct and resubmit the transaction if required. |
| **7041**   | Transaction date must be on or after August 15, 2015 | Error code 7041 is generated when the date of the BCTESG request transaction is before August 15, 2015.  
**RESOLUTION:** The transaction date must be on or after August 15, 2015. Correct and resubmit the transaction if required. |
| **7042**   | Beneficiary date of birth must be on or after January 1, 2006 | Error code 7042 is generated if the beneficiary date of birth is before January 1, 2006.  
**RESOLUTION:** The promoter must confirm the date of birth of the beneficiary requesting BCTESG. |
Understanding refusal reasons

The Canada Education Savings Program (CESP) within Employment and Social Development Canada (ESDC), is responsible for administering the following education savings incentives available to eligible beneficiaries of Registered Education Savings Plans (RESPs):

- Amount of Canada Education Savings Grant (Basic CESG)
- Additional amount of Canada Education Savings Grant (Additional CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

This appendix explains the refusal reasons (RR) received in response to financial requests for these education savings incentives. See Appendix C for a list of acronyms and terms used in this guide.

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1. Background information

This appendix provides information to assist RESP providers understand refusal reasons. For Additional technical information, consult the Interface Transaction Standards (ITS) on the Canada.ca/RESPresources webpage under the Systems Documentation tab.

1.1 What is a refusal reason?

Refusal reasons indicate why transactions requesting grant or bond, which met all formatting rules, did not receive full grant or bond payment. Each Refusal Reason has a corresponding single-character code.

1.2 How are refusal reasons reported to promoters?

The CESP system reports refusal reasons in the following three locations of the record types (RT) 900, 910 and 911:

1. Transaction position 67 for Basic CESG and CLB.
2. Transaction position 174 for Additional CESG transactions
3. Transaction position 45 for SAGES and BCTESG transactions

1.3 How does a refusal reason differ from an error code?

If the CESP system cannot process an RESP transaction sent by a promoter, due to an error in the transaction information, the CESP system will reject the transaction. In these cases, the promoter will receive a corresponding RT 800 transaction with an error code indicating why the CESP system did not process the transaction. Promoters must investigate error codes and resubmit new transactions with the corrected information.

Transactions successfully processed by the CESP system will not generate error codes. However, a processed transaction will receive a refusal reason in the RT 900, RT 910 or RT 911 transactions if the CESP does not pay the full amount of grant or bond for a transaction.

1.4 Using this appendix

Each incentive has its own set of refusal reasons. This appendix lists the following information for each incentive:

- Refusal reason code
- ITS description for each refusal reason
- A detailed explanation for each refusal reason
- How to resolve or better understand what caused the refusal

Contact the CESP if the information provided in this appendix does not answer your questions about specific refusal reasons.
1.5 Transaction records

The following transaction records are referenced in this appendix for each incentive:

- **Refusal reasons**: Recorded in the RT 900, RT 910 and RT 911 found in the Transaction Processing Report (.PRO) returned to the promoter at the end of each reporting period.
- **Basic CESG**: CESG request submitted by promoter through an RT 400-11 transaction record. Refusal reasons will be recorded in position 67 of the RT 900 in the .PRO file.
- **Additional CESG**: Additional CESG requests submitted by promoters along with the Basic CESG request through an RT 400-11 transaction. In addition, PCG/Spouse SIN, Surname, Given Name, and Type information are required to request the Additional CESG. Refusal reasons are recorded in position 174 of the RT 900 in the .PRO file.
- **CLB**: *Canada Learning Bond* request submitted by promoter through a RT 400-24 transaction record. Refusal reasons are recorded in position 67 of the RT 900 in the .PRO file.
- **SAGES**: *Saskatchewan Advantage Grant for Education Savings* request submitted by promoter through an RT 410-30 transaction record. Refusal reasons are recorded in position 45 of the RT 910 in the .PRO file.
- **BCTESG**: *British Columbia Training and Education Savings Grant* request submitted by promoter through an RT 411-40 transaction record. Refusal reasons are recorded in position 45 of the RT 911 in the .PRO file.
Refusal reason 1 - Annual limit exceeded

### Basic CESG

**Refusal Reason 1** - The Basic CESG room available to the beneficiary has been paid out for the calendar year that the contribution falls into.

**Resolution:** None required as each beneficiary is entitled to $500 of Basic CESG annually ($1,000 if there was carry forward) and they have received the maximum amount of Basic CESG for the year.

### Additional CESG

**Refusal Reason 1** - A contribution requesting Additional CESG is refused for one of the following reasons:

- The individual PCG reported on the contribution has a high income level as per the Canada Revenue Agency (CRA) therefore no Additional CESG can be paid to the beneficiary.
- The individual PCG reported on the contribution has either a mid (10%) or low range (20%) income level and the beneficiary has received all the Additional CESG for that year based on the income level.

**Resolution:** None required as the beneficiary has received all the Additional CESG to which they are entitled for the year.

### CLB

**Refusal Reason 1** - The beneficiary has already received the CLB payment for the benefit year.

**Resolution:** None required as the beneficiary has already received their CLB payment for the benefit year the request falls into.

### SAGES

**Refusal Reason 1** - The maximum SAGES amount, including any carry forward room, has been paid to the beneficiary for the calendar year that the contribution falls into.

**Resolution:** Each beneficiary is entitled to $250 of SAGES annually ($500 if there was carry forward). Should you feel the beneficiary has not received the maximum amount of SAGES for the year, contact CESP.
Appendix F: Understanding Refusal Reasons

Refusal reason 2 - Lifetime contribution limit exceeded

| 2 | Lifetime contribution limit exceeded |

Incentives
- Basic CESG
- Additional CESG
- SAGES

Basic CESG

**Refusal Reason 2** - The total amount of contributions for a beneficiary has reached or exceeded the $50,000 contribution limit. Any subsequent contributions made after this limit is reached will be refused grant.

**Resolution:** The promoter should verify that the total contribution amounts submitted for the beneficiary does not exceed $50,000 and that no contribution amounts were reported incorrectly. If there is a discrepancy in the contribution amounts, reverse the incorrect contribution and resubmit the correct contribution. If all contribution amounts are correct then contact CESP for more information.

Additional CESG

**Refusal Reason 2** - The total amount of contributions for a beneficiary has reached or exceeded the $50,000 contribution limit or greater. Any subsequent contributions made after this limit is reached will be refused Additional CESG.

**Resolution:** The promoter should verify that the total contribution amounts submitted for the beneficiary does not exceed $50,000 and that no contribution amounts were reported incorrectly. If there is a discrepancy in the contribution amounts, reverse the incorrect contribution and resubmit the correct contribution. If all contribution amounts are correct then contact CESP for more information.

SAGES

**Refusal Reason 2** - The total amount of contributions for a beneficiary has reached or exceeded the $50,000 contribution limit. Any subsequent contributions made after this limit is reached will be refused SAGES.

**Resolution:** The promoter should verify that the total contribution amounts submitted for the beneficiary does not exceed $50,000 and that no contribution amounts were reported incorrectly. If there is a discrepancy in the contribution amounts, reverse the incorrect contribution (RT 400-11) and resubmit the correct contribution (RT 400-11). If all contribution amounts are correct then contact CESP for more information.
## Refusal reason 3 - Age of beneficiary

<table>
<thead>
<tr>
<th>3</th>
<th>Age of Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives</td>
<td>Basic CESG</td>
</tr>
</tbody>
</table>

If there is a discrepancy in the age/birth date of the beneficiary generating this Refusal Reason, contact CESP.

### Basic CESG

**Refusal Reason 3** - The transaction date of the contribution is later than December 31st in the year that the beneficiary turned 17.

**Resolution:** None required as the beneficiary is only entitled to receive grant up until the end of the year in which they turn 17.

### Additional CESG

**Refusal Reason 3** - The transaction date of the contribution is later than December 31st in the year that the beneficiary turned 17.

**Resolution:** None required as the beneficiary is only entitled to receive grant up until the end of the year in which they turn 17.

### CLB

**Refusal Reason 3** - An active CLB request is being assessed for a payment for a new benefit year and the beneficiary’s birth date has been updated to a date before January 1, 2004

**Resolution:** Contact the subscriber to verify the beneficiary’s birth date.

### SAGES

**Refusal Reason 3** - The transaction date of the contribution is later than December 31st in the year that the beneficiary turned 17.

**Resolution:** Verify the age of the beneficiary otherwise no action is required if the contribution is after the end of the year in which they turned 17.

### BCTESG

**Refusal Reason 3** - The transaction date for the BCTESG request (RT 411-40) does not fall into any of the following ranges:

- If the child was born in 2006, the transaction date of the BCTESG request must be between August 15, 2016 and August 14, 2019.

- If the child was born in 2007 or 2008, the transaction date of the BCTESG request must be between August 15, 2015 and August 14, 2018.

- If the child was born in 2009, the transaction date of the BCTESG request must be between August 15, 2015 or the day the beneficiary turns 6 (whichever is later) to August 14, 2018 or the day before the beneficiary turns 9 in 2018 (whichever is later).

- If the child was born in 2010 or later, the transaction date of the BCTESG request must be between the child’s 6th birthday and the day before the child’s 9th birthday.

**Resolution:** Verify the transaction date of the request and the age of the beneficiary.
Refusal reason 4 – PCG, Spouse or beneficiary information not matched with CRA information

4
PCG, Spouse or beneficiary information not matched with CRA information

Additional CESG

**Refusal Reason 4** - The PCG, Spouse and/or beneficiary information submitted is not matched with the corresponding information at the CRA on the contribution requesting Additional CESG.

**Note:** The following fields are sent to the CRA for matching: SIN, given name, surname of the individual PCG/Spouse, beneficiary given name, surname and date of birth.

**Resolution:** Contact the subscriber to request that the PCG call the CRA to confirm all relevant information is up to date and that it is the same information provided to the promoter. Once the subscriber has confirmed the CRA information is up to date, submit a PCG/Spouse information transaction for the financial transaction which was refused using the correct PCG/Spouse or reverse and resubmit the original transaction if the PCG/Spouse information transaction has not been implemented by the promoter.

**Note:** At the end of each month, an excel report showing the fields that did not match with the CRA and resulted in this refusal reason is sent to each promoter.

CLB

**Refusal Reason 4** - The PCG, Spouse and/or beneficiary information submitted is not matched with the corresponding information at the CRA on the CLB request.

**Note:** The following fields are sent to the CRA for matching: SIN, given name, surname of the individual PCG/Spouse, beneficiary given name, surname and date of birth.

**Resolution:** Contact the subscriber to request that the PCG call the CRA to confirm all relevant information is up to date and that it is the same information provided to the promoter. Once the subscriber has confirmed the CRA information is accurate, resubmit the CLB request with the correct PCG/Spouse information.
Refusal reason 5 - Specimen plan not eligible

<table>
<thead>
<tr>
<th>Number</th>
<th>Reason</th>
<th>Resolution</th>
</tr>
</thead>
</table>
| 5      | Specimen plan not eligible | Contact the CRA to determine the status of your specimen plan or if there are other concerns or discrepancies in the specimen plan eligibility information, contact CESP.  
**Basic CESG**  
Refusal Reason 5 - The specimen plan named on the contribution is not eligible to receive grant.  
Resolution: Contact the CRA to determine the status of this specimen plan.  
**Additional CESG**  
Refusal Reason 5 - The specimen plan named on the contribution is not eligible to receive grant.  
Resolution: Contact the CRA to determine the status of this specimen plan.  
**CLB**  
Refusal Reason 5 - An active CLB request is being assessed for a payment and the specimen plan named on the request is no longer eligible to receive CLB.  
Resolution: Contact the CRA to determine the status of this specimen plan..  
**SAGES**  
Refusal Reason 5 - The specimen plan named on the request is not eligible to receive SAGES.  
Resolution: Contact the CRA to determine the status of specimen plan and resubmit the request if required.  
**BCTESG**  
Refusal Reason 5 - The specimen plan named on the request is not eligible to receive BCTESG.  
Resolution: Contact the CRA to determine the status of specimen plan and resubmit the request if required.  

Incentives  
- Basic CESG  
- Additional CESG  
- CLB  
- SAGES  
- BCTESG
Refusal reason 6 - Transaction requested no grant

If there are any concerns or discrepancies in the information submitted, contact CESP.

### Basic CESG

**Refusal Reason 6** - The grant requested flag is set to “No” for a contribution.

**Resolution:** Verify if grant was supposed to be requested. If yes, reverse the contribution and resubmit the contribution with the grant requested flag set to “Yes”.

### Additional CESG

**Refusal Reason 6** - The four PCG/Spouse information fields are not provided for a contribution requesting Additional CESG.

**Resolution:** Verify if Additional CESG was supposed to be requested on the contribution. If yes, either add the missing PCG/Spouse information on a PCG/Spouse information transaction or reverse and resubmit the contribution transaction with the missing PCG/Spouse information.

### CLB

**Refusal Reason 6** - The grant requested flag is set to “No” which is considered a stop CLB request.

**Resolution:** Confirm that this request was supposed to stop CLB. If not, resubmit the CLB request with the grant requested flag set to “Yes”. 
Appendix F: Understanding Refusal Reasons

Refusal reason 7 - Failed 16/17 year rule

If there is any discrepancy in the contributions by the client, contact CESP.

### Basic CESG

**Refusal Reason 7** - A contribution falls into a year in which the beneficiary turns 16 or 17 and the beneficiary does not meet the conditions for the 16/17 rule as per the CESP system. These conditions are:

- contributions totaling $100 in four different years; or
- a total of $2,000 in lifetime contributions up to and including the beneficiary’s 15th year.

**Resolution:** Contact the subscriber to determine if the beneficiary does in fact meet the 16/17 rule based on contributions made into the RESP prior to 1998. If the subscriber attests to these pre 1998 contributions then submit a proof of eligibility report to the CESP in order to have the 16/17 rule waived.

Instructions for the proof of eligibility report can be found in the following bulletin: CESP Information Bulletin CESP-2006-010 sent on June 20, 2006.

### Additional CESG

**Refusal Reason 7** - A contribution falls into a year in which the beneficiary turns 16 or 17 and the beneficiary does not meet the conditions for the 16/17 rule as per the CESP system. These conditions are:

- contributions totaling $100 in four different years; or
- a total of $2,000 in lifetime contributions made up to and including the beneficiary’s 15th year.

**Resolution:** Contact the subscriber to determine if the beneficiary does in fact meet the 16/17 rule based on contributions made into the RESP prior to 1998. If the subscriber attests to these pre 1998 contributions, submit a proof of eligibility report to the CESP in order to have the 16/17 rule waived.

Instructions for the proof of eligibility report can be found in the following bulletin: CESP Information Bulletin CESP-2006-010 sent on June 20, 2006.

### SAGES

**Refusal Reason 7** - A contribution falls into a year in which the beneficiary turns 16 or 17 and the beneficiary does not meet the conditions for the 16/17 rule as per the CESP system. These conditions are:

- contributions totaling $100 in four different years; or
- a total of $2,000 in lifetime contributions up to and including the beneficiary’s 15th year.

**Resolution:** Contact the subscriber to determine if the beneficiary does in fact meet the 16/17 rule based on contributions made into the RESP prior to 1998. If the subscriber attests to these pre 1998 contributions then submit a proof of eligibility report to the CESP in order to have the 16/17 rule waived.

Instructions for the proof of eligibility report can be found in the following bulletin: CESP Information Bulletin CESP-2006-010 sent on June 20, 2006.
### Refusal reason 8 - CLB will not be paid for this benefit year

<table>
<thead>
<tr>
<th>8</th>
<th>CLB will not be paid for this benefit year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>• CLB</td>
</tr>
<tr>
<td>Refusal Reason 8</td>
<td>The beneficiary is not eligible for a CLB payment for the benefit year for which the request was made.</td>
</tr>
<tr>
<td>Resolution</td>
<td>Contact the subscriber to advise that CLB will not be paid for that benefit year because the beneficiary is not in care of an individual PCG eligible to receive the Canada child benefit (CCB). The PCG should contact the CRA at 1-800-387-1193 for further information if required. If updated CCB information is received from the CRA for that benefit year, then the CLB will automatically be paid.</td>
</tr>
</tbody>
</table>

### Refusal reason 9 – Other

<table>
<thead>
<tr>
<th>9</th>
<th>Other</th>
</tr>
</thead>
</table>
| Incentives | • Basic CESG  
|            | • Additional CESG  
|            | • SAGES |
| Basic CESG | Refusal Reason 9 - The contribution amount is below the minimum amount of $0.03, which is required to attract grant. |
| Resolution | None required as contributions must be greater than $0.02 in order to attract grant. |
| Additional CESG | Refusal Reason 9 - The contribution amount is below the minimum amount of $0.03, which is required to attract grant. |
| Resolution | None required as contributions must be greater than $0.02 in order to attract grant. |
| SAGES | Refusal Reason 9 – (1) The contribution amount is below the minimum amount of $0.05, which is required to attract grant. |
| Resolution | (1) None required as contributions must be greater than $0.04 in order to attract grant.  
|            | (2) A SAGES request is submitted to the CESP system for processing in February 2018 or later. |
|            | Resolution | (1) None required as contributions must be greater than $0.04 in order to attract grant.  
|            | (2) None required. For the duration of the SAGES suspension period, all SAGES requests processing in February 2018 and onwards will be refused. The CESP system will continue to process the requests, but SAGES will not be paid. |
Appendix F: Understanding Refusal Reasons

Refusal reason A - Specimen plan not approved for CLB

<table>
<thead>
<tr>
<th>A</th>
<th>Specimen plan not approved for CLB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>• CLB</td>
</tr>
</tbody>
</table>

**CLB**

**Refusal Reason A** - An active CLB request is being assessed for a new benefit year and the specimen plan submitted on the CLB request is no longer approved for CLB in the CESP system.

**Resolution:** This refusal reason is assigned when a CLB installment for a new benefit year is being assessed. The specimen plan reported on the CLB request is no longer approved for CLB and the promoter should contact the CESP to confirm.

Refusal reason B - Invalid beneficiary

<table>
<thead>
<tr>
<th>B</th>
<th>Invalid beneficiary</th>
</tr>
</thead>
</table>
| Incentives | • Basic CESG  
  • Additional CESG  
  • CLB |

**Basic CESG**

**Refusal Reason B** - The beneficiary’s SIN reported on the contribution has become invalid in the CESP database because it is linked to another SIN.

**Resolution:** Contact the subscriber and determine if the beneficiary has been issued a new SIN. If a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. The contribution must then be reversed and re-submitted using the new valid SIN.

**Additional CESG**

**Refusal Reason B** - The beneficiary’s SIN reported on the contribution has become invalid in the CESP database because it is linked to another SIN.

**Resolution:** Contact the subscriber and determine if the beneficiary has been issued a new SIN. If a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. The contribution must then be reversed and re-submitted using the new valid SIN.

**CLB**

**Refusal Reason B** – The beneficiary’s SIN reported on the CLB request has become invalid in the CESP database because it is linked to another SIN.

**Resolution:** Contact the subscriber and determine if the beneficiary has been issued a new SIN. If a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. A new CLB request with the new SIN must also be submitted in order to continue receiving the CLB.
Appendix F: Understanding Refusal Reasons

Refusal reason C - Request not designated to attract CLB for the Beneficiary

<table>
<thead>
<tr>
<th>C</th>
<th>Request not designated to attract CLB for the Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>• CLB</td>
</tr>
</tbody>
</table>

**CLB**

**Refusal Reason C** - CLB request is no longer active in the CESP system.

**Resolution:** Submit a new CLB request to restart the CLB payments. Restarting the CLB payments will also depend upon satisfying other business rules such as income levels, age of beneficiary etc.

Refusal reason D - Late transaction

<table>
<thead>
<tr>
<th>D</th>
<th>Late transaction</th>
</tr>
</thead>
</table>
| Incentives | • Basic CESG  
• Additional CESG  
• CLB  
• SAGES  
• BCTESG |

**Basic CESG**

**Refusal Reason D** - The transaction date of the contribution transaction requesting Basic CESG is more than 3 years before the date in the Header Record (001) of the submitted transaction file.

**Resolution:** None

**Explanation:** The promoter must successfully process Basic CESG requests with the CESP system within 3 years. Transactions that are submitted after 3 years will be processed but grant requests will be refused.

**Additional CESG**

**Refusal Reason D** - The transaction date of the contribution transaction requesting Additional CESG is more than 3 years before the date in the Header Record (001) of the submitted transaction file.

**Resolution:** None

**Explanation:** The promoter must successfully process Additional CESG requests with the CESP system within 3 years. Transactions that are submitted after 3 years will be processed but grant requests will be refused.

**SAGES**

**Refusal Reason D** - The transaction date of the SAGES request is more than 3 years before the date in the Header Record (001) of the submitted transaction file.

**Resolution:** None

**Explanation:** The promoter must successfully process SAGES requests with the CESP system within 3 years. Transactions that are submitted after 3 years will be processed but grant requests will be refused.
### CLB

**Refusal Reason D** - The transaction date of the CLB request transaction is more than 3 years from the date in the Header Record (001) of the submitted transaction file.

**Resolution:** The promoter must submit another CLB request for the beneficiary using a transaction date that is within 3 years of the file submission date.

**Explanation:** The promoter must successfully process CLB requests with the CESP system within 3 years. Transaction requests submitted after 3 years will be processed but requests for bond will be refused.

### BCTESG

**Refusal Reason D** - The transaction date of the BCTESG request is more than 3 years before the date in the Header Record (001) of the submitted transaction file.

**Resolution:** None

**Explanation:** The promoter must successfully process BCTESG requests with the CESP system within 3 years. Transactions that are submitted after 3 years will be processed but the requests will be refused.
Refusal reason E - Lifetime limit exceeded

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Basic CESG</th>
<th>Additional CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Refusal Reason E - The beneficiary has received the maximum lifetime allowable amount of CESG (Basic and Additional combined) of $7,200.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resolution: None required as the beneficiary has received all grant they are entitled to receive.</td>
<td>Resolution: None required as the beneficiary has received all grant they are entitled to receive.</td>
</tr>
<tr>
<td></td>
<td><strong>CLB</strong></td>
<td><strong>SAGES</strong></td>
</tr>
<tr>
<td>Refusal Reason E</td>
<td>- The beneficiary has received the maximum lifetime allowable amount of CLB based on the number of benefit years they were entitled to, up to a maximum of $2,000.</td>
<td></td>
</tr>
<tr>
<td>Resolution:</td>
<td>None required as the beneficiary has received all CLB payments they are entitled to receive.</td>
<td>None required as the beneficiary has received all grant they are entitled to receive.</td>
</tr>
<tr>
<td>Refusal Reason E</td>
<td>- The beneficiary has received the maximum lifetime allowable amount of $4,500.</td>
<td></td>
</tr>
<tr>
<td>Resolution:</td>
<td>None required as the beneficiary has received all grant they are entitled to receive.</td>
<td></td>
</tr>
<tr>
<td>Refusal Reason E</td>
<td>- The beneficiary has received the maximum lifetime allowable amount of $1,200.</td>
<td></td>
</tr>
<tr>
<td>Resolution:</td>
<td>None required as the beneficiary has received all grant they are entitled to receive.</td>
<td></td>
</tr>
</tbody>
</table>

Refusal reason F - Anti-churning rule violation

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Additional CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Refusal Reason F - The beneficiary named on the contribution requesting Additional CESG has been tainted. A beneficiary becomes tainted when a grant repayment for a contract the beneficiary is associated to, is submitted with a transaction date on or after March 22, 2004, with a repayment reason of contribution withdrawal and a grant amount is greater than zero.</td>
</tr>
<tr>
<td></td>
<td>Resolution: Contact the subscriber to determine if they have previously withdrawn contributions from an RESP which may have caused the beneficiary to become tainted.</td>
</tr>
</tbody>
</table>
Appendix F: Understanding Refusal Reasons

Refusal reason G - Contribution transaction date earlier than January 1, 2005

<table>
<thead>
<tr>
<th>G</th>
<th>Contribution transaction date earlier than January 1, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>Additional CESG</td>
</tr>
</tbody>
</table>

**Additional CESG**

**Refusal Reason G** - A contribution requesting Additional CESG has a transaction date that is earlier than January 1, 2005.

**Resolution:** Additional CESG is only paid on contribution transactions dated on or after January 1, 2005. If a mistake was made regarding the transaction date of the contribution, reverse the previous contribution and resubmit the new contribution with the correct transaction date.

Refusal reason H – PCG/Spouse information is missing

<table>
<thead>
<tr>
<th>H</th>
<th>PCG/Spouse information is missing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>Additional CESG</td>
</tr>
</tbody>
</table>

**Additional CESG**

**Refusal Reason H** - One or more of the following fields do not contain information: SIN, surname, given name and type of PCG/Spouse.

**Resolution:** The PCG/Spouse SIN, given name, surname, and type are required to receive the Additional CESG. If any of this information was not provided, use an update PCG/Spouse information transaction to add the missing information or reverse the contribution and re-submit with the missing information.

Refusal reason I – The PCG/Spouse SIN is not numerically valid

<table>
<thead>
<tr>
<th>I</th>
<th>The PCG/Spouse SIN is not numerically valid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>Additional CESG</td>
</tr>
</tbody>
</table>

**Additional CESG**

**Refusal Reason I** - The individual PCG/Spouse SIN is not numerically valid. A mathematical formula is used by ESDC to determine the validity of the composition of a SIN.

**Resolution:** Verify that the individual PCG/Spouse SIN is 9 digits in length and if required, contact the subscriber to advise that the individual PCG/Spouse SIN provided is not correct. If a new individual PCG/Spouse SIN is provided then use either an update PCG/Spouse information transaction to change the information or reverse the contribution and resubmit with the new information.
Refusal reason J - Contract is not an individual/sibling only contract

If there are any errors in the designation of the contract, contact CESP.

Note: Requests for CLB (RT 400-24) or SAGES (RT 410-30) will be rejected with an Error Code 1010, if the contract reported on these transactions does not have the individual/sibling only flag set to “Yes”.

### Additional CESG

**Refusal Reason J** - The contract is not designated as an individual/sibling only contract.

**Resolution:** To receive Additional CESG, the contract reported on the contribution transaction must have the individual/sibling only flag set to “Yes” in the CESP system. To set this flag to Yes, submit a contract information transaction with the individual/sibling only flag set to “Yes”. Then reverse and resubmit the previously refused contribution transaction to receive the Additional CESG.

### CLB

**Refusal Reason J** - The contract is not designated as an individual/sibling only contract.

**Resolution:** The contract reported on the CLB request has had the individual/sibling only flag updated to “No” since the CLB request was initially processed. The promoter should verify that the contract is not an individual/sibling only contract.
# Refusal reason L – PCG/Spouse SIN or Agency BN not matched by the CRA

<table>
<thead>
<tr>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCG/Spouse SIN or Agency BN not matched by the CRA</td>
</tr>
</tbody>
</table>

## Incentives
- Additional CESG
- CLB

If there are any concerns or discrepancies in the information, contact CESP.

### Additional CESG

**Refusal Reason L** - the CRA is unable to find the individual PCG/Spouse SIN or Agency BN information provided on the contribution transaction requesting Additional CESG.

**Resolution:** Contact the subscriber to notify them that the individual PCG/Spouse’s SIN or Agency’s BN reported on the contribution transaction does not match the information on file with the CRA. Confirm the correct PCG/Spouse information with the subscriber and use either an update PCG/Spouse information transaction to change the PCG/Spouse information or reverse the contribution transaction and then re-submit with new PCG/Spouse information.

### CLB

**Refusal Reason L** - the CRA is unable to find the individual PCG/Spouse SIN or Agency BN reported on the CLB request.

**Resolution:** Contact the subscriber to notify them that the individual PCG/Spouse’s SIN or Agency’s BN reported on the CLB request does not match any PCG/Spouse SINs or Agency BNs on file with the CRA. If a correct PCG/Spouse is obtained, submit a new CLB request.
Appendix F: Understanding Refusal Reasons

Refusal reason M - PCG custody not confirmed by the CRA

M
PCG custody not confirmed by the CRA

Incentives
- Additional CESG
- CLB

Additional CESG

Refusal Reason M - The PCG reported on the contribution or the PCG associated to the spouse reported on the contribution requesting Additional CESG is not the designated PCG for the beneficiary during the month and year of the transaction date, according to the CRA.

Resolution: Contact the subscriber to notify them that according to the CRA, the PCG reported on the contribution does not have custody of the beneficiary in the year and month the contribution transaction falls. The PCG should then contact the CRA to verify the information they have on record. If new PCG/Spouse information is provided, use either an update PCG/Spouse information (511-12) transaction to change the PCG/Spouse information or reverse the contribution transaction and re-submit with new PCG/Spouse information.

CLB

Refusal Reason M - The PCG reported on the CLB request or the PCG associated to the spouse reported on the CLB request is not the designated PCG for the beneficiary for all months from the transaction date of the CLB request to the end of the CLB benefit year it falls into.

Resolution: Contact the subscriber to notify them that according to the CRA, the PCG reported on the CLB request does not have custody of the beneficiary required for payment. The PCG should then contact the CRA to verify the information they have on record. If required, resubmit the CLB request or if new PCG/Spouse information is provided, then submit a new CLB request.

Refusal reason N - SIN has been flagged by SIR

N
SIN has been flagged by SIR

Incentives
- Basic CESG
- Additional CESG
- CLB
- SAGES
- BCTESG

Basic CESG

Refusal Reason N - The SIN reported on the contribution requesting CESG has been flagged as “not useable” by the Social Insurance Registry (SIR).

Resolution: Contact the subscriber and verify the status of the beneficiary’s SIN. If the SIN has been cancelled and a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. Once this has been completed, reverse the previous contribution transaction and re-submit the contribution using the new SIN.
## Appendix F: Understanding Refusal Reasons

### Additional CESG

**Refusal Reason N** - The SIN reported on the contribution requesting Additional CESG has been flagged as “not useable” by the Social Insurance Registry (SIR).

**Resolution:** Contact the subscriber and verify the status of the beneficiary’s SIN. If the SIN has been cancelled and a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. Once this has been completed, reverse the previous contribution transaction and re-submit the contribution using the new SIN.

### CLB

**Refusal Reason N** - The SIN reported on the CLB request has been flagged as “not useable” by the Social Insurance Registry (SIR).

**Resolution:** Contact the subscriber and verify the status of the beneficiary’s SIN. If the SIN has been cancelled and a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. Once this has been completed, submit a new CLB request.

### SAGES

**Refusal Reason N** - The SIN reported on the contribution requesting SAGES has been flagged as “not useable” by the Social Insurance Registry (SIR).

**Resolution:** Contact the subscriber and verify the status of the beneficiary’s SIN. If the SIN has been cancelled and a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. Once this has been completed, reverse the previous contribution transaction and re-submit the contribution using the new SIN and resubmit a new SAGES request transaction for this contribution.

### BCTESG

**Refusal Reason N** - The SIN reported on the BCTESG request has been flagged as “not useable” by the Social Insurance Registry (SIR).

**Resolution:** Contact the subscriber and verify the status of the beneficiary’s SIN. If the SIN has been cancelled and a new SIN has been issued, submit a beneficiary information transaction record to ensure the beneficiary’s new SIN has been associated to the specimen plan. Once this has been completed, submit a new BCTESG request.
Appendix F: Understanding Refusal Reasons

Refusal reason O - Late SAGES request

<table>
<thead>
<tr>
<th>O</th>
<th>SAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late SAGES request</td>
<td>Refusal Reason O - The transaction date of the SAGES request compared to the contribution transaction date is greater than 3 years.</td>
</tr>
</tbody>
</table>

**Explanation:** The subscriber must request SAGES within 3 years after making a contribution. The transaction date of a SAGES request is the most recent of the SAGES application form date or the contribution transaction date for which SAGES is being requested. A SAGES request with a transaction date that is more than 3 years after the corresponding contribution date will be processed but will be refused.

**Resolution:** Contact CESP if you are unable to comply with this rule due to exceptional circumstances.

Refusal reason P - Spouse not in an active relationship

<table>
<thead>
<tr>
<th>P</th>
<th>Additional CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse not in an active relationship</td>
<td>Refusal Reason P - The spouse reported on the contribution is not in an active relationship with the PCG at the time of the contribution based on the transaction date of the contribution.</td>
</tr>
</tbody>
</table>

**Resolution:** Contact the subscriber to notify them that according to the CRA, the spouse reported on the contribution is not in an active relationship with the PCG at the time of the contribution. The PCG should then contact the CRA to verify the information they have on record. If new PCG/Spouse information is provided, use either an update PCG/Spouse information (511-12) transaction to change the PCG/Spouse information or reverse the contribution transaction and re-submit with new PCG/Spouse information.

<table>
<thead>
<tr>
<th>CLB</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Refusal Reason P - The spouse reported on the CLB request is not in an active relationship with the PCG at the time of the CLB request based on the transaction date of the CLB request.</td>
</tr>
</tbody>
</table>

**Resolution:** Contact the subscriber to notify them that according to the CRA, the spouse reported on the CLB request is not in active relationship with the PCG at the time of the CLB request. The PCG should then contact the CRA to verify the information they have on record. If required, resubmit the CLB request or if new PCG/Spouse information is provided, then submit a new CLB request.
Understanding repayments

The Canada Education Savings Program (CESP) within Employment and Social Development Canada (ESDC), is responsible for administering the following education savings incentives available to eligible beneficiaries of Registered Education Savings Plans (RESPs):

- Basic Canada Education Savings Grant (Basic CESG)
- Additional Canada Education Savings Grant (Additional CESG)
- Canada Learning Bond (CLB)
- Saskatchewan Advantage Grant for Education Savings (SAGES)
- British Columbia Training and Education Savings Grant (BCTESG)

Consult the Appendix C for a list of acronyms and terms used in this guide.

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3. Repayment reason guidelines ............................................................... G – 8
4. Transaction checklists ......................................................................... G – 29
5. Repayments and investment losses .................................................... G – 34
Appendix G: Understanding repayments

1. Overview

This appendix provides repayment guidelines and explains how RESP promoters must report repayment transactions to the CESP system for the incentives administered by ESDC.

1.1. What is a repayment

Certain circumstances require a repayment of education savings incentives from an RESP to the Government of Canada or designated provincial programs. These circumstances are specified in the Canada Education Savings Regulations, provincial regulations and CESP operational policies.

1.2. What is the repayment process

RESP promoters are responsible for:

1. recognizing and identifying circumstances that require incentive repayments;
2. determining incentive amounts to repay; and
3. reporting transactions to the CESP system which indicate the amounts of incentives to repay and the repayment reasons.

Each month, the CESP system calculates the combined repayment amounts reported for each promoter. These reported amounts are subtracted from the total amount of incentives that would otherwise be paid to each promoter at the end of the month.

1.3. What is a repayment transaction

To report repayment transactions, RESP promoters must submit repayment records to the CESP system. As these records have a record type (RT) of 400 and a transaction type of 21, they are frequently referred to as “400-21” records in CESP technical documents.

Repayment records provide information using the key fields defined in the following table:

<table>
<thead>
<tr>
<th>Key field names</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specimen Plan ID</td>
<td>Identifies the specimen plan for the RESP from which the repayment is made</td>
</tr>
<tr>
<td>Contract ID</td>
<td>Identifies the RESP from which the repayment is made</td>
</tr>
<tr>
<td>Beneficiary SIN (Social Insurance Number)</td>
<td>Provides the beneficiary’s SIN and is mandatory only when repaying CLB amounts</td>
</tr>
<tr>
<td>Repayment Reason</td>
<td>Reason for repayment</td>
</tr>
<tr>
<td>Grant Amount</td>
<td>Amount of the CESG to repay</td>
</tr>
<tr>
<td>CLB Amount</td>
<td>Amount of the CLB to repay</td>
</tr>
<tr>
<td>SAGES Amount</td>
<td>Amount of the SAGES to repay</td>
</tr>
<tr>
<td>BCTESG Amount</td>
<td>Amount of the BCTESG to repay</td>
</tr>
</tbody>
</table>
Appendix G: Understanding repayments

For additional technical information, consult the CESP Interface Transaction Standards (ITS) on the Canada.ca/RESPresources webpage under the Systems Documentation tab.

1.4. Reporting multiple incentive repayments in a single record

Promoters can submit a separate record to the CESP system for each incentive that must be repaid from an RESP.

Promoters may also report repayments of multiple incentives in the same record if these incentives are being repaid from the same RESP, for the same repayment reason.

However, as CLB repayment records must include the Social Insurance Number (SIN) of the beneficiary for whom the CLB was originally paid in the RESP, promoters must submit separate CLB repayment records for each individual beneficiary in family RESPs.

1.5. Impact of repayments on future incentive payments

**CESG grant room:** RESPs can receive a maximum accumulated amount of $7,200 in CESG payments per beneficiary. This lifetime limit includes payments of both the Basic and the Additional CESG amounts that were made to all RESPs for a particular beneficiary. Each CESG amount that the CESP pays into an RESP is subtracted from the available CESG balance of the beneficiary for whom the CESG was paid. As the repayment of the CESG is at the plan level, the CESP system does not restore repaid CESG amounts to the CESG grant room of individual beneficiaries.

**SAGES grant room:** RESPs can receive a maximum accumulated amount of $4,500 in SAGES payments per beneficiary and this lifetime limit includes payments made to all RESPs for a particular beneficiary. Each SAGES amount that the CESP pays into an RESP is subtracted from the available SAGES balance of the beneficiary for whom the SAGES was paid. As the repayment of the SAGES is at the plan level, the CESP system does not restore repaid SAGES amounts to the SAGES grant room of individual beneficiaries.

**BCTESG entitlement:** each eligible beneficiary is entitled to a single BCTESG payment of $1,200 into one eligible RESP. Once an RESP receives a BCTESG payment for an eligible beneficiary, the CESP system will refuse the payments of subsequent BCTESG requests for that beneficiary. The BCTESG repayments are at the plan level and do not restore the BCTESG entitlement to beneficiaries named in the RESP. Therefore, once the BCTESG has been paid to an RESP for an eligible beneficiary, subscribers cannot request repaid BCTESG amounts again for that beneficiary.

**CLB entitlement:** the maximum amount of the CLB that could be paid into the RESPs of each eligible beneficiary is $2,000. The CLB repayments are at the beneficiary level and do not affect a beneficiary’s lifetime entitlement for the CLB. The CLB amounts repaid for a beneficiary are restored to that beneficiary’s CLB entitlement which could be paid again for the same beneficiary.
1.6. Reversing and cancelling transactions

This section explains the purpose of reversing or cancelling transactions and compares the associated consequences with submitting repayment transactions to the CESP system.

1.6.1. When should promoters reverse or cancel transactions?

When promoters submit transactions with inaccurate information and these transactions are successfully processed by the CESP system, the promoter must either reverse or cancel these transactions. Then, new transactions may be submitted with accurate information as required.

Transactions should be reversed or cancelled only to correct administrative errors. For example, if an incentive is requested for the wrong beneficiary in a family RESP, that request must be reversed or cancelled and a new request must be submitted to the CESP system for the correct beneficiary. See section 1.6.5 What is an administrative error? of this appendix for additional information.

Promoters must not reverse or cancel transactions solely to remove a penalty or to gain a greater benefit. For example, a subscriber may have instructed a promoter to make an RESP contribution that exceeded the lifetime $50,000 contribution limit for a beneficiary. The promoter is responsible for reporting this contribution to the CESP system and should not reverse the contribution transaction at a later date simply to avoid the corresponding tax penalties.

In general:

- federal incentive requests must be reversed by submitting a record type “400” with the “Reversal Flag” field set to “2”; whereas
- requests for provincial incentives must be cancelled by submitting a 410-31 transaction for the SAGES or a 411-41 transaction for the BCTESG.

1.6.2. The three-year rule for incentive requests

Promoters submit RESP transactions to the CESP system for processing on a monthly basis. These transactions include requests for incentive payments and are submitted electronically to the CESP system.

Promoters must specify a transaction date for each incentive request. The following table specifies how promoters must determine the transaction date for each incentive:

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Transaction date that must be used in the incentive request</th>
</tr>
</thead>
<tbody>
<tr>
<td>CESG</td>
<td>The RESP contribution date</td>
</tr>
<tr>
<td>CLB</td>
<td>The CLB application form completion date</td>
</tr>
<tr>
<td>SAGES</td>
<td>Most recent of two dates:</td>
</tr>
<tr>
<td></td>
<td>• the SAGES application form completion date; or</td>
</tr>
<tr>
<td></td>
<td>• the RESP contribution date</td>
</tr>
<tr>
<td>BCTESG</td>
<td>The BCTESG application form completion date</td>
</tr>
</tbody>
</table>
To attract a payment into an RESP, the transaction date of the incentive request must be less than three years before the date that the promoter sends the transaction to the CESP system. While an incentive request older than three years may still be processed by the CESP system, the payment would be refused for this request with a refusal reason “D” (late transaction).

Promoters are responsible for ensuring that accurate and complete information is successfully processed by the CESP system, regardless of the age of the original transaction. If a late incentive request is required to correct an administrative error, the promoter may request an exemption to override refusal reason “D”. See section 1.6.5 What is an administrative error? of this appendix for additional information.

The three-year rule is not a three-year window in which subscribers are allowed to change their minds about RESP transactions. Promoters must not reverse accurate transactions that were successfully processed by the CESP system solely to remove a penalty or to gain a better benefit, simply because the original transaction is less than three years old. For example, a promoter should not reverse an authentic contribution transaction simply because it did not attract a CESG payment.

1.6.3. Impact on future incentive payments

When an incentive request is successfully reversed or cancelled, the grant room or entitlement for the incentive would be restored to the amount it would have been if the original request was never processed by the CESP system.

For example, cancelling a request for BCTESG would restore the original BCTESG entitlement for a beneficiary, such that another BCTESG request for the same beneficiary could attract a new BCTESG payment to an RESP.

1.6.4. Comparing repayments with reversing or cancelling requests

It is important to understand the difference between:

- repaying an incentive; and
- reversing or cancelling an incentive request.

While the impact on RESP notional accounts may appear to be the same in some cases, the entitlement of future incentive payments may be different.

**Repaying an incentive:** a repayment of any incentive (other than CLB) is not restored to a beneficiary’s entitlement for the incentive. For additional information, see section 1.5 Impact of repayments on future incentive payments of this appendix.

**Reversing or cancelling an incentive request:** reversing or cancelling an incentive request restores the beneficiary’s entitlement for that incentive to the amount it would have been if the original incentive request was never processed by the CESP system.

In general, promoters should:

- use the guidelines in this appendix to determine when incentives must be repaid; and
- reverse or cancel incentive requests only to correct administrative errors.
1.6.5. What is an administrative error?

An administrative error occurs when a subscriber’s instructions are not accurately reflected in the transactions that the promoter submits to the CESP system.

For example, a subscriber may have instructed a promoter to withdraw $1,000 from a particular bank account and contribute the full amount into a specific RESP in respect of a particular beneficiary. The following would be examples of administrative errors concerning the contribution transaction (400-11) that the promoter must submit to the CESP system:

- an inaccurate amount is reported (e.g. $100 instead of $1,000);
- the wrong beneficiary is reported (e.g. a sibling).

When a promoter identifies and corrects an administrative error, the discrepancy between the subscriber’s instructions and the transaction submitted to the CESP system must be documented as the promoter may be required to provide this documentation for the purpose of a compliance review.

To correct an administrative error, promoters may need to reverse previous inaccurate transactions and submit new transactions with accurate information. If a new incentive request is required to correct the error, but the transaction date is more than three years old, the promoter can contact a CESP promoter support officer to request an exemption to override the three-year rule for that transaction. Each exemption request must be validated and approved by the CESP based on specific details provided by the promoter.

1.6.6. Reversing repayment transactions

A repayment transaction can also be reversed to correct an administrative error. For example, a promoter may have made a repayment from the wrong RESP. When promoters reverse a repayment transaction, the RESP is returned to the state it would have been if the repayment transaction was never successfully processed by the CESP system.
2. Mandatory reporting of RESP transactions

The Promoter Agreement 4.3(a) compels promoters to report transactions in and out of an RESP that are made after 1997 – this includes the reporting of any and all transactions that occur within the RESP, regardless of whether there is a positive amount in the dollar field, or if the amount is zero ($0).

Here are examples of some RESP activities required to be reported as repayment reasons. See 3. Repayment reason guidelines of this appendix for more information.

- a withdrawal of contributions;
- a plan termination;
- an accumulated income payment (AIP);
- the Canada Revenue Agency (CRA) revokes the registration of an RESP;
- a payment to a designated educational institution is made;
- ineligible beneficiary replacement;
- ceases to meet the sibling only requirement;
- ineligible transfer, etc.
3. Repayment reason guidelines

The CESP ITS lists 12 potential repayment reasons that promoters can use to report repayment transactions to the CESP system:

- 01 – Contribution withdrawal
- 02 – AIP
- 03 – Contract termination
- 04 – Ineligible transfer
- 05 – Ineligible beneficiary replacement
- 06 – Payment to educational institution
- 07 – Revocation
- 08 – Ceases to meet sibling only condition
- 09 – Deceased
- 10 – Overcontribution withdrawal
- 11 – Other
- 12 – Non-resident

While some of these repayment reasons correspond to specific regulatory requirements, other repayment reasons are available for administrative purposes.

Each ITS repayment reason is explained in a separate sub-heading under this section to identify:

- circumstances that trigger repayments;
- incentives administered by ESDC that must be repaid;
- incentive amounts that must be repaid.

This section also specifies repayment transactions that promoters must submit to the CESP system. Promoters are encouraged to consult section 4. Transaction checklists of this appendix to ensure that repayment transactions are used appropriately and all required RESP activity is reported to the CESP system.
3.1. Reason “01” – Contribution withdrawal

**Trigger:** contributions are withdrawn from an RESP.

**Incentives that must be repaid:** the CESG and the SAGES.

Promoters should **NOT** submit a repayment transaction (400-21) using repayment reason “01” in the following situations:

- if contributions are withdrawn to correct an overcontribution, promoters must submit a repayment transaction (400-21) using repayment reason “10”. See **3.10. Reason “10” – Overcontribution withdrawal** in this appendix for more information;
- if contributions are withdrawn when a beneficiary of the RESP is eligible for an educational assistance payment (EAP), the promoter must submit a post-secondary education (PSE) contribution withdrawal transaction (400-14) and the repayment of the CESG or the SAGES is not required.

In all other situations, when subscribers withdraw RESP contributions and the CESG or the SAGES have been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “01” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the withdrawal.

### 3.1.1. Calculating the CESG amount to repay for reason “01”

RESP contributions are deemed to be withdrawn from RESP notional accounts in the following order:

1. assisted contributions made in 1998 or later;
2. unassisted contributions made in 1998 or later;
3. unassisted contributions made prior to 1998.

An assisted contribution is an RESP contribution that has attracted a CESG payment to the RESP. An unassisted contribution is an RESP contribution that has not attracted a CESG payment to the RESP.

The CESG repayment amount due to a withdrawal of assisted contributions is equal to:

\[
\frac{A}{B} \times C
\]

Where:

- \( A \) = balance in the CESG account of the RESP immediately before the withdrawal of assisted contributions
- \( B \) = balance of the total assisted contributions in the RESP immediately before the withdrawal of assisted contributions
- \( C \) = amount of the assisted contributions withdrawal

If all assisted contributions have been withdrawn while a beneficiary was eligible for an EAP (in PSE contribution withdrawals), unassisted contributions and the CESG could still remain in the RESP. If these unassisted contributions are subsequently withdrawn from the RESP when a beneficiary
is no longer eligible for an EAP, the amount of the CESG to repay would be zero.
3.1.2. Calculating the SAGES amount to repay for reason “01”

The SAGES repayment amount due to a withdrawal of contributions is equal to the lesser of the following amounts:

- 10% of the withdrawal amount;
- the SAGES account balance before the withdrawal.

The government of Saskatchewan may waive the requirement for a SAGES repayment due to the withdrawal of contributions if the repayment would cause undue hardship for a subscriber.

To request a waiver of repayment of the SAGES, the subscriber must complete and submit the Request for Waiver of Repayment of the SAGES form for an existing RESP and submit it to the Saskatchewan Ministry of Advanced Education within 12 months of the contribution withdrawal. For additional information, see Chapter 2–4: Saskatchewan Advantage Grant for Education Savings, 8.2.2. Waiver of repayment.

3.2. Reason “02” – AIP

Trigger: an AIP is made.

Incentives that must be repaid: the CESG, the CLB, the SAGES and the BCTESG.

An AIP is a taxable distribution of accumulated income in an RESP that is normally made to a subscriber. The AIP may include accumulated income on contributions and incentives, but it does not include the actual contributions or incentives themselves.

Rollovers to a registered retirement savings plan (RRSP): AIPs have to be included in the subscriber's income for the year the payments are received. The payments are subject to a 20% (12% for residents of Quebec) additional tax on top of the regular tax rate payable on the subscriber's income. The subscriber can reduce or eliminate this additional tax by contributing the AIPs to his or her RRSP or to a spousal RRSP, up to a maximum of $50,000.

Rollovers to a registered disability saving plan (RDSP): for 2014 and later years, a subscriber of an RESP that allows AIPs and a holder of an RDSP may jointly elect with the prescribed CRA rollover form (RC435), to transfer an AIP under the RESP to the RDSP if, at the time of the election, the RESP beneficiary is also the beneficiary of the RDSP.

For additional information about rollovers, consult the CRA Income Tax Information Circular IC93-3R2.

AIPs may be made only if all of the following conditions are met:

- the subscriber is a resident of Canada;
- the payment is made to, or on behalf of, a subscriber and not jointly to, or on behalf of, more than one subscriber;

AND
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- the plan has been in existence for at least 10 years and each living individual who is, or was a beneficiary under the plan, has reached 21 years of age before the payment is made and is not currently eligible to receive EAPs; or
- the payment is made in the year it is required to be terminated, or
- each individual, who was a beneficiary under the plan, is deceased when the payment is made.

When AIPs are made and the CESG, the CLB, the SAGES or the BCTESG has been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “02” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the AIP.
3.2.1. Calculating the incentive amounts to repay for reason “02”

When AIPs are made, the remaining amounts of the following incentives in the plan (immediately before the AIP) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG

3.2.2. Other AIP consequences

Once an AIP has been made from an RESP:

- the RESP must be terminated before March in the year after the year in which the first AIP is made; and
- a transfer is no longer permitted from this RESP.
3.3. Reason “03” – Contract termination

**Trigger:** the RESP is terminated.

**Incentives that must be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

The terms and conditions of an RESP contract specify when a plan must be terminated. RESPs must be terminated by the promoter at the end of the 35th year, after the end of the year in which it was deemed to have been opened (40th year for individual RESPs in which the beneficiary is eligible for a disability tax credit). Following the transfer of RESP funds, the receiving RESP is deemed to have been opened on the earliest effective date of the relinquishing and the receiving RESPs.

When an RESP is terminated and the CESG, the CLB, the SAGES or the BCTESG has been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “03” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the contract termination.

3.3.1. Calculating the incentive amounts to repay for reason “03”

When an RESP is terminated, the remaining amounts of the following incentives in the plan (immediately before the termination) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG

3.3.2. Other potential repayment reasons when RESPs are terminated

Depending on how the funds in an RESP are distributed when an RESP is terminated, promoters may need to report multiple repayment transactions with different repayment reasons. Promoters must submit a repayment transaction (400-21) for each of the reasons specified in the following sequence when the circumstances occur:

1. **Reason 01 – Contribution withdrawal;** when RESP contributions are returned to the subscriber(s) and the withdrawal of contributions would trigger the repayment of the CESG or the SAGES.
2. **Reason 02 – AIP;** when an AIP is paid from the RESP.
3. **Reason 06 – Payment to educational institution;** when the required conditions have not been satisfied for an AIP and a payment of accumulated income is made instead to a designated educational institution in Canada.
4. **Reason 03 – Contract termination;** when the promoter or the subscriber terminates an RESP or an RESP must be terminated because it is deemed to have been opened for the maximum duration.
3.4. Reason “04” – Ineligible transfer

**Trigger:** an RESP does not satisfy the conditions for an eligible transfer.

**Incentives that must be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

An ineligible transfer occurs when the required conditions have not been met. **Chapter 3-1, RESP transfers and the education savings incentives** specifies the required conditions for an eligible transfer of each incentive administered by ESDC.

When an ineligible transfer occurs and the CESG, the CLB, the SAGES or the BCTESG has been paid into the RESP:

- the relinquishing promoter must submit a repayment transaction (400-21) using repayment reason “04” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the ineligible transfer.

### 3.4.1. Calculating the incentive amounts to repay for reason “04”

When an ineligible transfer occurs, the remaining amounts of the following incentives in the relinquishing RESP (immediately before the ineligible transfer) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG

### 3.4.2. Avoiding ineligible transfers by making pre-transfer repayments

Prior to a transfer, promoters may repay one or more incentives to avoid conditions that would otherwise result in an ineligible transfer.

For example, if the receiving promoter does not offer the SAGES, the transfer would be ineligible if it included the SAGES amounts. To avoid an ineligible transfer, the relinquishing promoter could repay the balance of the SAGES account prior to the transfer. This would allow for the eligible transfer of the remaining funds.

If the ineligible incentive is the Additional CESG, the A-B Transfer Policy allows a receiving promoter to accept a transfer including the Additional CESG provided that the receiving promoter agrees to administer the Additional CESG sibling only rule, and report the presence of the Additional CESG in subsequent transfers.

For additional information, see sections [3.4 Making pre-transfer repayments to avoid ineligible transfers](#) and [3.5 When the receiving promoter does not offer Additional CESG in Chapter 3-1, RESP transfers and the education savings incentives](#).
3.5. Reason “05” – Ineligible beneficiary replacement

**Trigger:** an original beneficiary is replaced with an ineligible beneficiary.

**Incentives that must be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

In both individual and family RESPs, subscribers can replace an existing beneficiary with a new beneficiary if their contract allows this replacement.

A beneficiary replacement is considered to be eligible only if:

- the replacement beneficiary is under 21 and is a sibling of the original beneficiary; or
- both the original and replacement beneficiaries are under 21 and are related by blood or adoption to the original subscriber of the RESP.

For all other beneficiary replacements, if the CESG, the CLB, the SAGES or the BCTESG have been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “05” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the beneficiary replacement.

3.5.1. Calculating the incentive amounts to repay for reason “05”

When an ineligible beneficiary replacement occurs, the remaining amounts of the following incentives in the plan (immediately before the ineligible beneficiary replacement) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG

3.5.2. Replacing a beneficiary with a cousin

It is possible for a subscriber to choose a cousin as an eligible replacement beneficiary. For example, the subscriber could be a grandparent who is related by blood or adoption to the original and replacement beneficiaries.

However, replacement beneficiaries must also satisfy sibling-only requirements for some incentives. For more information, see 3.8 Reason “08” – Ceases to meet sibling only condition.

3.5.3. Replacing a beneficiary for whom the CLB was paid

The CLB is paid into RESPs for specific beneficiaries and can only be used in an EAP by the beneficiary for whom the CLB was paid in the RESP. In other words, the CLB cannot be shared by siblings in a family RESP. If the CLB was paid into the RESP in respect of the original beneficiary, the CLB account balance of the original beneficiary must be repaid, even when the conditions for an eligible beneficiary replacement have been satisfied. For more information, see 3.11 Reason “11” – Other.
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3.6. Reason “06” – Payment to educational institution

**Trigger:** a payment of the accumulated income remaining in an RESP is made to a designated educational institution in Canada.

**Incentives that must be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

The terms of an RESP can stipulate that the amount of accumulated income remaining in the RESP could be paid to a designated educational institution in Canada if:

- a beneficiary is not eligible for an EAP; and
- a subscriber does not qualify for an AIP.

A payment to a designated educational institution in Canada is considered a gift and not a donation. Therefore, a tax receipt will not be issued to the subscriber or to the beneficiary.

When a payment of accumulated income is made to a designated educational institution in Canada and the CESG, the CLB, the SAGES or the BCTESG has been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “06” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the payment to the educational institution.

3.6.1. Calculating the incentive amounts to repay for reason “06”

When a payment is made to a designated educational institution in Canada, the remaining amounts of the following incentives in the plan (immediately before the payment to the educational institution) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG
3.7. Reason “07” – Revocation

**Trigger:** the Canada Revenue Agency (CRA) has revoked the registration of the RESP.

**Incentives that must be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

If an RESP fails to comply with legislative requirements for any reason, the registration of the contract may be revoked by the CRA. The Minister of National Revenue can revoke the registration of an RESP under the following conditions:

- the plan does not comply with the rules for registration;
- the plan does not comply with any of its provisions;
- excess contributions were made to the plan;
- the plan is in a revocable position related to qualified investments; or
- a condition under the *Canada Education Savings Act* (CESA), the *Canada Education Savings Regulations* (CESR), or a condition related to a designated provincial program, has not been met.

When the registration of an RESP is revoked by the CRA and the CESG, the CLB, the SAGES or the BCTESG has been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “07” for the incentives that were paid to the RESP, even if the amounts to repay are zero when the CRA revoked the plan registration.

**3.7.1. Calculating the incentive amounts to repay for reason “07”**

When the registration of an RESP is revoked by the CRA, the remaining amounts of the following incentives in the plan (immediately before the CRA revoked the plan registration) must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG
3.8. Reason “08” – Ceases to meet sibling only condition

**Trigger:** a cousin is named as a new beneficiary in a family RESP.

**Incentives that must be repaid:** the CESG, the CLB and the BCTESG.

The following incentives can be paid only into an individual RESP or a family RESP in which all of the beneficiaries are brothers and sisters (no cousins):

- the Additional CESG
- the CLB
- the SAGES
- the BCTESG

If these incentives have been paid into an eligible family RESP and the subscriber subsequently names a new beneficiary for this plan who is not a brother or sister of the other beneficiaries (a cousin), this may trigger incentive repayments.

3.8.1. Updating the “Individual/Sibling Only” status of an RESP

When a cousin is added to a family RESP, the promoter must submit a new contract information record (100-01) to the CESP system with the “Individual/Sibling only” field set to “0” (No).

3.8.2. The CESG and reason “08”

When a cousin is named as a new beneficiary in a family RESP and the Additional CESG has been paid into this RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “08” for the CESG, even if the amount to repay is zero when the RESP ceased to satisfy the sibling only condition.

The amount of CESG to repay is the entire CESG account balance (which includes both the Basic CESG and the Additional CESG amounts) immediately before the cousin was named as a new beneficiary.

3.8.3. The CLB and reason “08”

When a cousin is named as a new beneficiary in a family RESP and the CLB has been paid into this RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “08” for each beneficiary for whom the CLB was paid in the RESP, even if the amount to repay is zero when the RESP ceased to satisfy the sibling only condition.

The amount of the CLB to repay is the total balance of all the CLB accounts in the RESP immediately before the cousin is named as a new beneficiary.
3.8.4. The SAGES and reason “08”

While the SAGES can be paid only into an individual RESP or a family RESP in which all beneficiaries are siblings, a cousin could be added to a family RESP without having to repay any of the SAGES amounts that may have already been paid or transferred to the RESP.

The promoter should not submit a repayment transaction for the SAGES if a cousin is added to a family RESP. However, once a cousin has been named to a family RESP, promoters must stop requesting the SAGES for all subsequent contributions made to this RESP.

3.8.5. The BCTESG and reason “08”

When a cousin is named as a new beneficiary in a family RESP and the BCTESG has been paid into this RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “08” for the BCTESG, even if the amount to repay is zero when the RESP ceased to satisfy the sibling only condition.

The amount of the BCTESG to repay is the entire BCTESG account balance immediately before the cousin was named as a new beneficiary.
3.9. Reason “09” – Deceased

**Trigger:** the beneficiary of the RESP is deceased.

When an RESP beneficiary dies and the CLB has been paid into the RESP in respect of the deceased beneficiary:

- promoters must submit a repayment transaction (400-21) using repayment reason “09” for the CLB account balance of the deceased beneficiary, even if the amount to repay is zero when the beneficiary died.

The death of a beneficiary does not necessarily trigger a repayment of the other incentives administered by ESDC because these funds may be used:

- by other beneficiaries of the same RESP;
- by an eligible replacement beneficiary in the same RESP; or
- transferred to another RESP.

If incentives administered by ESDC (other than the CLB) have been paid into the RESP but cannot be used in that RESP or transferred to another RESP:

- promoters may submit a repayment transaction (400-21) using repayment reason “09” (Deceased) for the entire account balances of these incentives, even if an amount to repay is zero when the beneficiary died.
3.10. Reason 10 – Overcontribution withdrawal

**Trigger:** contributions are withdrawn from an RESP to correct an overcontribution for a beneficiary.

**Incentives that must be repaid:** the CESG and the SAGES.

From 1996 to 2006, the lifetime contribution limit was $42,000 per beneficiary and the annual contribution limit was $4,000 per beneficiary. In 2007 or later, the annual contribution limit no longer applies and the lifetime RESP contribution limit is now $50,000 per beneficiary. This lifetime limit applies for all contributions made for a beneficiary across all RESPs in which the beneficiary is named.

Exceeding the $50,000 lifetime contribution limit per beneficiary could result in a penalty tax for the subscriber equal to 1% per month of the overcontribution amount until the excess contributions are withdrawn.

When subscribers withdraw RESP contributions to correct an overcontribution and the CESG or the SAGES has been paid into the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “10” for the incentives that were paid to the RESP, even if the amounts to repay are zero at the time of the withdrawal.

### 3.10.1. Calculating the CESG amount to repay for reason “10”

RESP contributions are deemed to be withdrawn from the RESP notional accounts in the following order:

1. assisted contributions made in 1998 or later;
2. unassisted contributions made in 1998 or later; then
3. unassisted contributions made prior to 1998.

If the lifetime contribution amount for a beneficiary was ever greater than $54,000, the CESG repayment amount due to a withdrawal to correct an overcontribution is equal to:

\[
\frac{A}{B} \times C
\]

Where:

\[
A = \text{balance in the CESG account of the RESP immediately before the withdrawal of assisted contributions}
\]

\[
B = \text{balance of the total assisted contributions in the RESP immediately before the withdrawal of assisted contributions}
\]

\[
C = \text{amount of the assisted contributions withdrawal}
\]

If the lifetime contribution amount for a beneficiary was always $54,000 or less, the CESG repayment amount due to a withdrawal to correct an overcontribution is equal to zero.
For example, Julie was named in only one RESP that was opened by her parents and she was the only beneficiary named in that plan (individual plan). The following table shows the notional account balances on January 1, 2018:

<table>
<thead>
<tr>
<th>Assisted contributions</th>
<th>Unassisted contributions</th>
<th>Total contributions</th>
<th>CESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,000</td>
<td>$13,500</td>
<td>$49,500</td>
<td>$7,200</td>
</tr>
</tbody>
</table>

On January 15, 2018, Julie’s parents contributed another $5,000 into the RESP, bringing Julie’s lifetime contribution amount to $54,500.

On February 3, 2018, the promoter informed Julie’s parents that the most recent $5,000 contribution resulted in Julie’s lifetime contribution amount exceeding the $50,000 limit by 4,500. To minimize the 1% tax penalty per month on the amount that exceeded the $50,000 lifetime limit, Julie’s parents asked the promoter to immediately withdraw $4,500 from their contributions. As Julie’s lifetime contributions had exceeded the $54,000 limit, the prescribed formula must be used to determine the amount of CESG to repay:

\[
\text{CESG amount to repay} = \frac{A}{B} \times C
\]

Where:

\[
A = 7,200 \\
B = 36,000 \\
C = 4,500
\]

Therefore, the amount of CESG that the promoter must repay is:

\[
\frac{A}{B} \times C = \frac{7,200}{36,000} \times 4,500 = 900
\]

It should be noted that the promoter must withdraw the full $4,500 from the assisted contribution notional account because all assisted contributions must be withdrawn before any unassisted contributions can be withdrawn.

Had the contribution on January 15, 2018, been only $4,000, the lifetime contribution amount would have been only $53,500. As this would have been less than $54,000, Julie’s parents could have withdrawn $3,500 to correct Julie’s lifetime overcontribution amount without having to repay any CESG.

The subscriber is required to complete and provide the RESP promoter with the form entitled Subscriber Statement for an RESP Overcontribution Withdrawal of $4,000 or less. See Appendix D: Forms index – education savings incentives. This document must be kept with the client’s file; it represents a record as to why the RESP promoter did not submit a CESG repayment amount when a withdrawal of contributions occurred.

For more information, see section 8.2. Withdrawal of contributions in Chapter 2–1: The Canada Education Savings Grant (CESG).
3.10.2. Calculating the SAGES amount to repay for reason “10”

If the lifetime contribution amount for a beneficiary was ever greater than $54,000, the SAGES repayment amount due to a withdrawal to correct the overcontribution is equal to the lesser of the following amounts:

- 10% of the withdrawal amount;
- the SAGES account balance before the withdrawal.

The government of Saskatchewan may waive the requirement for a SAGES repayment due to the withdrawal of contributions if the repayment would cause undue hardship for a subscriber.

To request a waiver of repayment for the SAGES, the subscriber must complete and submit the SAGES Waiver of Repayment form for an existing RESP and submit it to the Saskatchewan Ministry of Advanced Education within 12 months of the RESP contribution withdrawal transaction date. For additional information, see Chapter 2–4: Saskatchewan Advantage Grant for Education Savings, 8.2.2. Waiver of repayment.

If the lifetime contribution amount for a beneficiary was always $54,000 or less, the SAGES repayment amount due to a withdrawal to correct an overcontribution is equal to zero.
3.11. Reason “11” – Other

**Trigger:** a miscellaneous situation occurs.

**Incentives that may be repaid:** the CESG, the CLB, the SAGES and the BCTESG.

Promoters may use this repayment reason to repay incentives for situations that do not fall under another reason code. In some cases, CESP promoter support officers may also instruct promoters to use this repayment reason.

3.11.1. When an EAP is made to an individual who is not a beneficiary

If an EAP is made to an individual who is not a beneficiary of the RESP and the CESG, the CLB, the SAGES or the BCTESG has been paid to the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “11” for the incentives that were paid to the RESP, even if the amounts to repay are zero.

When an EAP is made to an individual who is not a beneficiary of the RESP, the remaining amounts of the following incentives in the plan at the time of the EAP must be repaid:

- the CESG
- the CLB
- the SAGES
- the BCTESG

3.11.2. The CLB and reason “11”

If there was an eligible beneficiary replacement of a beneficiary for whom the CLB was paid to the RESP:

- promoters must submit a repayment transaction (400-21) using repayment reason “11” for the CLB, even if the amount to repay is zero.

The amount of the CLB to repay is the entire account balance of the original beneficiary for whom the CLB was paid in the RESP.

3.11.3. The BCTESG and reason “11”

If all or part of the BCTESG was withdrawn from the RESP and not used in an EAP, or if an application for the BCTESG contained false information:

- promoters must submit a repayment transaction (400-21) using repayment reason “11” for the BCTESG in the RESP, even if the amount to repay is zero.

The amount of BCTESG to repay is the entire BCTESG account balance.
3.12. Reason “12” – Non-resident

**Trigger:** the beneficiary no longer satisfies residency requirements.

**Incentives that may be repaid:** the CESG, the CLB, the BCTESG and the SAGES

This repayment reason “12” can be used to repay incentives when the beneficiary no longer satisfies the required residency requirements.

### 3.12.1. The CESG and reason “12”

Promoters should request the CESG payments for an RESP contribution only if the beneficiary was a resident of Canada at the time of the contribution. If a promoter learns that contributions were made for a beneficiary after a family has moved and the beneficiary is no longer considered to be a resident of Canada:

- promoters must submit a repayment transaction (400-21) using repayment reason “12”; and
- the amount of the CESG repaid should correspond to the CESG amounts that were paid into the RESP for these ineligible contributions.

The *Canada Education Savings Regulations* also specify the amount of CESG to include in an EAP. However, promoters can include this CESG amount in an EAP only if the beneficiary is considered to be a resident of Canada for income tax purposes at the time of the EAP. If the beneficiary does not satisfy EAP residency criteria to receive the CESG portion in an EAP, the promoter should not repay this CESG amount. This CESG amount can remain in the RESP until the plan has been terminated by the subscriber, or until the beneficiary satisfies the required criteria to receive the CESG in an EAP.
3.12.2. The CLB and reason “12”

The CLB can be paid into an RESP only if the beneficiary was a resident of Canada immediately before the CLB payment is made. If a promoter learns that an RESP has received the CLB payments for a beneficiary after a family has moved and the beneficiary is no longer considered to be a resident of Canada:

- promoters must submit a repayment transaction (400-21) using repayment reason “12”; and
- the amount of CLB repaid should correspond to the CLB amount(s) paid into the RESP after the beneficiary was no longer considered to be a resident of Canada.

The Canada Education Savings Regulations also specify the amount of CLB to include in an EAP. However, promoters can include this CLB amount in an EAP only if the beneficiary is considered to be a resident of Canada for income tax purposes at the time of the EAP. If the beneficiary does not satisfy EAP residency criteria to receive the CLB portion in an EAP, the promoter should not repay this CLB amount. This CLB amount can remain in the RESP until the plan has been terminated by the subscriber or until the beneficiary satisfies the required criteria to receive CLB in an EAP.

3.12.3. The BCTESG and reason “12”

The BCTESG can be paid into an RESP only if the beneficiary and custodial parents (or legal guardian) are residents of British Columbia at the time of the application. The subscriber and custodial parent (or legal guardian) must sign a declaration on the BCTESG application form to confirm that this residency criterion has been satisfied.

If a promoter learns that an RESP has received a BCTESG payment and the application for BCTESG contained false information concerning the residency criteria:

- promoters must submit a repayment transaction (400-21) using repayment reason “12”; and
- the full amount of BCTESG received as a result of this application should be repaid.

3.12.4. The SAGES and reason “12”

Promoters may request SAGES for an RESP contribution only if the beneficiary was a resident of Saskatchewan at the time of the contribution.

Subscribers are responsible for informing promoters about changes to beneficiary residency status and promoters must not request new SAGES payments for contributions made after subscribers inform them that a beneficiary no longer satisfies the SAGES residency criteria.

If a subscriber informs a promoter about changes to beneficiary residency status after the SAGES has been paid for ineligible contributions, these SAGES amounts cannot remain in the RESP.

Rather than submitting a repayment transaction (400-21) to repay these subsequent SAGES amounts with a repayment reason of “12” (which would
not restore the repaid amounts to the beneficiary’s grant room) promoters should cancel the SAGES requests (410-31) instead. Cancelling the SAGES requests will restore the corresponding SAGES amounts to the beneficiary’s grant room, which would remain available if the beneficiary becomes a resident of Saskatchewan in the future.
4. Transaction checklists

Promoters are encouraged to consult the following checklists in this section to ensure that all required RESP activity is reported to, and successfully processed, by the CESP system when the circumstances or assets of an RESP have changed:

- 4.1 Plan terminations
- 4.2 Withdrawal of contributions
- 4.3 Transfers
- 4.4 Adding cousins to family RESPs

See section 3. Repayment reason guidelines in this appendix for additional information about each repayment reason, concerning:

- circumstances that trigger repayments;
- incentives administered by ESDC that must be repaid; and
- incentive amounts that must be repaid.
4.1. Plan terminations

When an RESP is terminated, promoters can use the following checklist to ensure that all appropriate transactions have been submitted to the CESP system.

- **Are there contributions remaining in the RESP that will be returned to the subscriber(s)?**
  
  If the answer to this question is yes and the withdrawal of these contributions would normally trigger the repayment of the CESG or the SAGES, repayment transactions must be submitted for these incentives using reason “01”, even if the repayment amounts are zero.

- **Has an AIP been paid from this RESP?**
  
  If the answer to this question is yes, after repaying the required amounts of incentives for repayment reason “01” (if applicable), the repayment of all remaining amounts of the CESG, the CLB, the SAGES and the BCTESG must then be repaid using reason “02”. A repayment transaction is mandatory for repayment reason “02”, even if the repayment amounts are zero.

- **Has there been a payment of accumulated income to a designated educational institution in Canada (because the conditions to receive an AIP have not been satisfied)?**
  
  If the answer to this question is yes, after repaying the required amounts of incentives for repayment reason “01” (if applicable), the repayment of all remaining amounts of the CESG, the CLB, the SAGES and the BCTESG must then be repaid using reason “06”. A repayment transaction is mandatory for repayment reason “06”, even if the repayment amounts are zero.

- **Has the subscriber asked the promoter to terminate the RESP (or must the RESP be terminated because it has been open for the maximum time limit)?**
  
  If the answer to this question is yes, after reporting the required transactions with repayment reasons “01”, “02” and “06” (if applicable), the repayment of any remaining incentives administered by ESDC must be repaid using reason “03”. Repayment transactions are mandatory for repayment reason “03”, even if the repayment amounts are zero.

- **Did the primary caregiver (PCG) designate this RESP as being the RESP that will receive the annual CLB payments?**
  
  If the answer to this question is yes, to stop subsequent CLB payments to this RESP, the promoter must submit a CLB request (400-24) to the CESP system with the “Grant Requested” field set to “0” (No) for each beneficiary with an active CLB request in the RESP.
4.2. Withdrawal of contributions

When contributions are withdrawn from an RESP, promoters can use the following checklist to ensure that all appropriate transactions have been submitted to the CESP system.

☐ **Have there been investment losses in the RESP assets at the time of contract termination?**

If the answer to this question is yes, the promoter must subtract the notional account balances of all incentives in the RESP from the fair market value of the RESP to determine the maximum amount of contributions that can be returned to the subscriber.

☐ **Is a beneficiary in the RESP eligible to receive an EAP?**

If the answer to this question is yes and the promoter receives the required proof of enrollment to process an EAP request, a contribution withdrawal must be reported to the CESP system using a PSE contribution withdrawal (400-14) transaction. As contribution withdrawals in this situation do not trigger a repayment of the CESG or the SAGES, a repayment transaction (400-21) is not required.

☐ **Was the withdrawal of contributions to correct an overcontribution for a beneficiary?**

If the answer to this question is yes and the CESG or the SAGES have been paid into this RESP, the promoter must report a repayment transaction using reason “10” for the CESG and the SAGES, even if the amounts to repay are zero.

If the overcontribution amount is not greater than $4,000, the amounts of the CESG and the SAGES to repay are zero. Otherwise, the prescribed formulas must be used to calculate the amount of the CESG and the SAGES to repay.

☐ **If the withdrawal of contributions would normally trigger the repayment of the SAGES, would this repayment cause undue hardship to the subscriber?**

If the answer to this question is yes, the promoter may inform the subscriber about the process to request a waiver of repayment for the SAGES. The subscriber must complete and submit the Request for Waiver of Repayment of the SAGES form for an existing RESP and submit it to the Saskatchewan Ministry of Advanced Education within 12 months of the contribution withdrawal.

For additional information, see Chapter 2–4: Saskatchewan Advantage Grant for Education Savings, 8.2.2. Waiver of repayment.
4.3. Transfers

When funds are transferred from an RESP, promoters can use the following checklist to ensure that all appropriate transactions have been submitted to the CESP system.

- **Are there any conditions that have not been satisfied for the eligible transfer of all incentives?**

  If the answer to this question is yes, the promoter must submit a repayment transaction using repayment reason “04” for the CESG, the CLB, the SAGES and the BCTESG in the relinquishing RESP.

  Prior to the transfer, the promoter may also repay only the incentives that would otherwise result in an ineligible transfer, using repayment reason “04”, and then transfer all remaining assets in an eligible transfer.

- **Are there pending applications for incentives in the relinquishing RESP?**

  If the answer to this question is yes, the promoter of the relinquishing RESP must transfer any pending applications of incentives to the receiving promoter if they are paid to the relinquishing RESP after the initial transfer. New transfer-out transactions (400-23) and transfer-in transactions (400-19) must also be submitted to the CESP system to report these subsequent transfer amounts. Relinquishing promoters must also send amended transfer forms to the receiving promoters to indicate any subsequent transfer of funds.

- **Has the subscriber made arrangements to terminate the RESP after a full transfer has been completed?**

  If the answer to this question is yes, the relinquishing promoter must submit a repayment transaction using repayment reason “03”, even if the incentive amounts to repay are zero.

- **If the relinquishing RESP will be terminated, did the PCG designate the relinquishing RESP as the RESP that will receive the annual CLB payments?**

  If the answer to this question is yes, to stop the subsequent CLB payments to the relinquishing RESP, the relinquishing promoter must submit a CLB request (400-24) to the CESP system with the “Grant Requested” field set to “0” (No) for each beneficiary with an active CLB request in the relinquishing RESP.
4.4. Adding cousins to family RESPs

When a cousin is added as a new beneficiary to a family RESP, promoters can use the following checklist to ensure that all appropriate transactions have been submitted to the CESP system.

☐ Has the “Individual/Sibling only” designation for the RESP been updated in the CESP system?

When a cousin is named as a new beneficiary in an existing family RESP, the promoter must submit a new contract information (100-01) record to the CESP system with the “Individual/Sibling only” field set to “0” (No).

☐ Have there been any payments of the Additional CESG to the RESP?

If the answer to this question is yes, the promoter must submit a repayment transaction using reason “08” for the CESG. The entire CESG account balance, prior to adding the cousin, must be repaid. The CESG account balance includes both the Basic and the Additional CESG amounts paid into or transferred to the RESP.

☐ Has the CLB been paid to the RESP?

If the answer to this question is yes, the promoter must submit a separate repayment transaction for the CLB using reason “08”, for each beneficiary for whom the CLB was paid, to repay the entire CLB account balance of each beneficiary in this RESP.

☐ Has the SAGES been paid to the RESP?

If the answer to this question is yes, the promoter must stop requesting the SAGES for all RESP contributions made after adding a cousin to the RESP. However, any SAGES amounts that had already been paid into the RESP before the cousin was added to the plan can remain in the RESP.

☐ Has the BCTESG been paid to the RESP?

If the answer to this question is yes, the promoter must submit a repayment transaction using reason “08” for the BCTESG. The entire BCTESG account balance, prior to adding the cousin, must be repaid.
5. Repayments and investment losses

5.1. Order of losses in an RESP

Promoters must consider RESP investment losses to be applied:

- first to the accumulated income in an RESP;
- then to the RESP contributions; and
- if all contributions in the RESP are deemed to have been depleted due to investment losses, any remaining loss is deemed to be applied proportionally to the incentives remaining in the RESP.

5.2. When there are insufficient funds to repay all incentives

If the fair market value of an RESP is reduced due to investment losses and the combined amount of incentives that must be repaid is greater than the current fair market value of the RESP, promoters are required to repay only a total amount of incentives equal to the fair market value of the RESP. If multiple incentives must be repaid from an RESP, the incentive repayments must be proportional to the incentive account balances prior to the repayment.

For example, a subscriber chooses to terminate an RESP which triggers the repayment of all remaining incentives in the plan. However, when the RESP was terminated, the fair market value was less than the combined incentive notional account balances as shown in the following table:

<table>
<thead>
<tr>
<th>RESP market value</th>
<th>Earnings</th>
<th>Contributions</th>
<th>CESG</th>
<th>SAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000</td>
<td>$0</td>
<td>$14,000</td>
<td>$2,800</td>
<td>$1,400</td>
</tr>
</tbody>
</table>

The amount of incentives to repay in this example would normally be $4,200:

- $2,800 in CESG
- $1,400 in SAGES
- $4,200 total balance of all incentive notional accounts

As the fair market value was less than the total amount of incentives to repay, the promoter must repay only a total amount of $4,000 (the fair market value).

The proportions of the notional account balances for the incentives, prior to terminating the plan, were:

- the CESG proportion = $2,800/$4,200 = 66.67% of all incentives
- the SAGES proportion = $1,400/$4,200 = 33.33% of all incentives

The incentive amounts to repay must be in the same proportion as the incentive notional account balances before the plan was terminated:

- the CESG to repay = 66.67% of the fair market value = $2,666.67
- the SAGES to repay = 33.33% of the fair market value = $1,333.33
- total incentive amounts repaid = fair market value = $4,000

These repayment amounts must be reported to the CESP system in a repayment transaction (400-21) with a repayment reason of "03".

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When the RESP is terminated, a termination adjustment transaction (400-22) must also be submitted to the CESP system to report the amount of incentives that cannot be repaid due to investment losses. The amounts of each incentive that must be reported as having been lost in this example are:

- the CESG loss = $2,800 – $2,666.67 = $133.33
- the SAGES loss = $1,400 – $1,333.33 = $66.67
- total investment lost = $200

When repayment amounts are proportional to the incentive notional account balances, the investment loss is also shared by the incentives in the same proportion:

- the CESG share of loss = $133.33/$200 = 66.67% of the loss
- the SAGES share of loss = $66.67/$200 = 33.33% of the loss
- total share of investment losses = 100%

Termination adjustments must **only** be used:

- when an RESP is terminated; and
- investment losses prevent the full repayment of all incentives.

When subscribers request contribution withdrawals after a market loss, promoters must determine the maximum contribution withdrawal amount. For additional information, see Chapter 1–3: The CESP System and Interface Transaction Standards, section 5.13.5 Withdrawing contributions after a loss.