



Registered education savings plan (RESP) helpful hints and strategies

1. Family RESP versus Individual RESP

Family RESPs are the most flexible when it comes to sharing income and grants to the maximum amounts. The Family RESP can have one beneficiary for contributions and grants, and other eligible beneficiaries can be designated in case the funds are not all used up. An Individual RESP beneficiary can be replaced; however, in the event that there are different beneficiaries on transfers between Individual RESPs, grant repayments and certain tax consequences may apply unless the beneficiaries of both plans are siblings and the receiving plan beneficiary was designated to his or her plan before he or she turned 21 years of age. The Family RESP can eliminate that issue by designating a beneficiary (usually a sibling) to the plan before he or she turns 21.

2. Things to consider when a grandparent is a subscriber

From an estate planning perspective, it is difficult to split a Family RESP with beneficiaries who are cousins when grant monies have not been received in the same proportion for all the beneficiaries, and when monies have already been paid out. **Consideration should therefore be given to establishing a separate Family RESP for each family unit.**

3. Annual review of contribution allocation

We recommend that subscribers and advisors perform an annual review of the Family RESP beneficiary contribution allocations and advise Invesco of any changes. Contributions can be made for Family RESP beneficiaries up to the beneficiary's 31st birthday or December 31 of the 31st year after the plan's inception date, whichever comes first. However, a Canada Education Savings Grant is paid only on contributions made up to December 31 of the year the beneficiary turns 17. The subscriber must choose whether to maximize grants or income, or both, with his or her contributions and advise Invesco.

4. The importance of accurate beneficiary information

Careful attention should be paid to beneficiary information as the beneficiary information provided on education savings plan (ESP) applications and grant applications is sent to Employment and Social Development Canada (ESDC) and, in turn, is electronically matched to the Social Insurance Registry (SIR) database to determine the accuracy of the information. If the information does not match, Invesco will receive a reject notification instead of the grants. Having a copy of the Social Insurance Number (SIN) card/letter and birth certificate on file will assist in determining the source of any issue.

First name	Common errors include use of nicknames, transposing middle and first names and providing a name that has not been updated with the SIR.
Last name	Common errors include doubling last names, which are really one's middle and last names, and assuming a child's last name is the same as the parent.
SIN	Common errors include mixing up sibling SINs.
Date of birth	We recommend the use of letters to indicate the month (e.g., AUG.) on ESP applications or Letters of Direction, as the month and day are often inverted when numbers are used. The year of birth is crucial to the calculation of grants. We recommend confirming the age of the beneficiary on his or her upcoming birthday.
Legal name changes	Legal name changes after a SIN has been issued must be sent to the SIR before requesting Invesco to update the beneficiary information.

5. Completing the most recent grant application

ESDC mandates the version of the prescribed government grant application (SDE 0093) that can be used. Periodically review your stock of grant applications with the version posted on the advisor portion of our website (invesco.ca) or ESDC's website (https://www.canada.ca/content/dam/canada/employment-social-development/migration/documents/assets/portfolio/docs/en/student_loans/resp/forms/sde0093.pdf). Version 01-18 for the CESG/CLB and version 05-17 for the British Columbia Training and Education Savings Grant (BCTESG) are now in circulation. Please note that all older versions of the application will be rejected.

If you require assistance completing the application, please check our website for the "Invesco Canada RESP grant application guide" or contact us at 1.800.874.6275.

6. Primary caregiver versus primary breadwinner

Effective January 1, 2018, amendments were made to allow the Additional CESG and the CLB to be paid based on requests made by the cohabiting spouse or common-law partner of a primary caregiver on behalf of an eligible beneficiary of a Registered Education Savings Plan.

When the subscribers of the RESP are the PCG and the spouse/common-law partner, the SIN of the first person listed on the CESG/CLB application should be provided on the application.

Due to government administrative delays, payments requested by the PCG's spouse or common-law partner are expected to begin in the fall of 2019, including any outstanding payments from January 1, 2018.

7. Missing or illegible information on the ESP and grant applications

Missing or illegible information on the ESP and grant applications may cause delays and rejected transactions. All information areas of the ESP application must be completed for a plan to be set up and contributions accepted. Illegible handwriting may lead to input errors in names and dates, which then result in rejected transactions.

8. Educational Assistance Payment (EAP) checklist

- EAP requests will be rejected or delayed when the proof of enrolment:
 - a) Is NOT provided
 - b) Is for a past semester/term where the last day of enrolment (excluding exam period) is more than six months prior to the EAP request
 - c) Does not confirm the student's full-time status or number of class hours per week for part-time studies
 - d) Does not have the beneficiary's name and/or the name of the school
 - e) Is only the acceptance letter or conditional offer from the school, or
 - f) Does not indicate the length of the term or semester
- Ensure that the EAP requested is within the EAP allowable limit, if applicable (please see section 9)
- Ensure that the EAP is requested within the time limit. Invesco is required to confirm the beneficiary is eligible for an EAP at the time of payment. Please note that EAPs will be allowed up to six months immediately following the time the beneficiary ceases to be enrolled as a student of a qualifying educational program
- Ensure that subscriber and beneficiary are aware that a T4A receipt (and Relevé 1, if applicable) will be issued to the beneficiary for the EAP portion of the request



9. Full-time versus part-time educational program

For a full-time program, the EAP limit is the total of education expenses (up to a maximum of \$5,000) during the first 13 weeks of a qualifying educational program in Canada. The \$5,000 maximum withdrawal is "per promoter," and the total of EAPs from all promoters should not exceed the beneficiary's education expenses. A qualified educational program consists of at least 10 hours per week of courses for at least three consecutive weeks.

For students enrolled full-time at a university outside of Canada, the minimum course length is three consecutive weeks (for a school outside of Canada that is not a university, the minimum course length is 13 consecutive weeks). Beyond the first 13 weeks, an additional EAP may be requested provided the beneficiary continues to be enrolled in a qualifying educational program. If there is a 12-month period in which the beneficiary was not enrolled in a qualifying educational program, the \$5,000 limit will apply once again.

For a part-time program, the EAP limit is the total of education expenses (up to a maximum of \$2,500) for a specified educational program for each 13-week period. The \$2,500 maximum withdrawal is "per promoter," and the total of EAPs from all promoters should not exceed the beneficiary's education expenses. A specified educational program in Canada consists of at least 12 hours per month of courses for at least three consecutive weeks (and 13 consecutive weeks for an educational program outside of Canada).

If more than the maximum amount is required, prior approval must be obtained from ESDC. For more information, please contact Invesco at 1.800.874.6275.

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