Questions and Answers: BC Training and Education Savings Grant

Criteria and How to Apply:

How do you apply for the grant? Is it up to the parents or can other family members start an RESP for the child?

The first and most important step is that families need to create an RESP before the child’s seventh birthday (or by February 28, 2014 for children born in 2007). Any family member or even a family friend can set up an RESP for a child, provided they have the necessary information such as the child’s Social Insurance Number.

Once an RESP has been created, families will receive a letter explaining they will need to apply for $1,200 savings grant when their child turns six years old. They will have one year, until the child’s seventh birthday, to apply for the BC savings grant through their RESP provider.

As the child’s sixth birthday approaches another letter will be sent as a reminder to apply for the grant. RESP providers are also likely to remind the eligible families to apply for the savings grant.

The purpose of the application is to confirm that the child is a resident of British Columbia. Once the application has been processed by Human Resources and Skills Development Canada, the $1,200 savings grant will be transferred into the RESP.

When can I apply for the grant? Is there deadline to apply for the savings grant? Can parents still apply for the savings grant a couple years after their child turns six?

When the program is fully implemented, families will have a full year, between the child’s sixth and seventh birthday, to apply for the grant. Government and RESP providers will inform families when it is time to apply for the grant.

For the first few groups of eligible children (those born in 2007 and 2008), the application window will be deferred for approximately 18 to 24 months while the Province of B.C. works with the Government of Canada to make the necessary banking and information systems changes. These families will receive notice to apply as soon as the administrative process is in place and they will be given a full year to apply for the grant.

Families MUST apply for the grant BEFORE the child’s seventh birthday.

The only exception will be for the first few groups of eligible children. Once the application system is up and running, these families will be notified and they will then have a full year to apply for the grant, the same length of time that subsequent families will have.

Who can people call if they have questions?
They can call the Ministry of Education at 1-888-879-1166 about the BC Training and Education Savings Grant. If it is about RESPs in general, or about the Government of Canada’s education savings program, they can call 1-800-O Canada (1-800-622-6232).

**What if my child was born in BC in 2009, but we have since moved away. Is my child entitled to $1200 or do we have to return it?**

The child must be a resident of British Columbia when the family applies for the savings grant, between the child’s sixth and seventh birthday. A child who is not a resident of B.C. during the application window is not eligible to receive the grant.

If the child meets the criteria and receives the grant but moves out of province at a later date, they will not have to return it. They would only need to return the grant if they choose not to pursue post-secondary education or training.

**What if my child was born in B.C., I live in B.C., but my child spends part of the year living with their other parent in another province?**

The child must be a resident of British Columbia when the family applies for the savings grant, between the child’s sixth and seventh birthday.

A “resident” is normally considered someone who has a settled purpose for taking up residence in the community and someone who has sufficient continuity of residence despite temporary absences.

Information used to help confirm residency of a child may include registration at a B.C. school, legal documents indicating B.C. residence, Canadian bank accounts, or a parent or guardian filing income tax returns as a B.C. resident.

**What will happen to unclaimed money? What if a child decides not to go to post secondary school?**

In the event the RESP is closed or the beneficiary chooses not to attend a post-secondary institution, the grant will be returned to the government of B.C. through HRSDC.

The same policy goes for both the Canada Education Savings Grant and the Canada Learning Bond.

As set by federal policy, an RESP can remain open for 36 years from the date it is created, so students have ample time to decide whether to pursue post-secondary education.

**What if my child attends a post-secondary institution but doesn’t graduate? Do they have to return the grant?**

No, as long as the Education Assistance Payments were made towards a qualifying post-secondary education or training program, the grants do not need to be repaid if the student does not complete the course or the program.

**Are children in care eligible for the BC Training and Education Savings Grant?**

Yes, all children born on or after January 1, 2007 and in care of the Ministry of Children and Families are eligible for the BC Training and Education Savings Grant – the same as any other child in B.C. The
Ministry of Education, the Ministry of Children and Families, and the Office of the Public Guardian and Trustee will work together to ensure all children in care have RESPs in place and will benefit from the $1,200 BC Training and Education Savings Grant, as well as any other RESP savings grants available from the Government of Canada.

**What if a child wants to go to a vocational school – like hair design?**

Yes, RESPs can be used for vocational training, including hair design, provided the institutions are certified by Human Resources and Skills Development Canada. A full list of certified institutions can be found on the Government of Canada’s [www.CanLearn.ca](http://www.CanLearn.ca) site.

**Does the grant have to be used towards a post-secondary institution in B.C.? What if my child attends university out of province or in the U.S.?**

The grant may be used towards full-time and part-time education in Canada including apprenticeships at CEGEPs (vocational schools), trade schools, colleges, universities and other certified institutions.

The grant may also be used for full-time education outside of Canada (a program at a foreign educational institution with a duration of at least 13 weeks).

Additional information and a full list of certified institutions can be found on the Government of Canada’s [www.CanLearn.ca](http://www.CanLearn.ca)

**Are there restrictions on how I use the money?**

Yes, it must be used as Education Assistance Payment towards a qualifying post-secondary education or training program.

**Will I be taxed on the grant?**

The money in an RESP grows tax-free, but you don’t get a tax deduction for the money you put into an RESP.

The money that your investment earns while it is in the RESP won’t be taxed until the money is taken out to pay for the child’s education.

Money paid out of the RESP as an Education Assistance Payment is taxed as income in the hands of the student. Since many students have little or no income, they can usually withdraw the money tax-free.

**Will the $1,200 grant be transferable to other family members if the child does not use it?**

Under the existing Children’s Education Fund legislation, it is not possible to transfer the BC Training and Education Savings Grants among siblings.

However, the government acknowledges there are merits to providing families the flexibility to transfer the savings grants among siblings if a child chooses not to pursue post-secondary education. The Province of Alberta allows their grants to be transferred among siblings.
This scenario would not arise until 2024 at the earliest, so there is ample time to consider improvements to better serve families.

What about Canadian Forces personnel who are serving internationally with their families? Would their children still be eligible for the grant?

Yes, if the person is posted overseas but is normally a resident of B.C. their child would still be eligible to receive the grant.

Benefits of RESP Model:

What if my child was born prior to 2007? How does this help children entering the post secondary system in the next couple years?

Children born prior to 2007 are not eligible for the grant.

This simply maintains the same eligibility as for the Children’s Education Fund, which was created in 2007 and is now being transformed into the BC Training and Education Savings Program.

For students entering the post-secondary system in the near future, the government is working to make post-secondary education more affordable.

The B.C. provincial awards program provides $16 million per year for scholarships and awards.

The government is planning to offer free, online open textbooks for the 40 most popular post-secondary courses could save up to 200,000 B.C. students hundreds of dollars a year or more on textbooks – money they can put toward other learning supplies or living expenses.

B.C. taxpayers already subsidize two-thirds of the actual cost of a post-secondary education. Undergraduate students attending B.C. public post-secondary institutions currently pay the fourth-lowest tuition in Canada and tuition increases in B.C. are capped at 2 per cent annually.

In addition, student loans are provided interest-free to students during their studies and for six-months after graduation. Only 30 per cent of students use student loans, 70 per cent finish their programs without needing to take out a loan.

What is happening to the Children’s Education Fund? How is the RESP model better than the CEF model?

The original Children’s Education Fund was established as part of Budget 2007, and for every child born after January 1, 2007 to (or adopted by) parents who are normally British Columbia residents, $1,000 was set aside and invested by government (BC Investment Management Corp.). The principle and earnings were to be paid out as a bursary (estimated at $2,200) when the child entered a B.C. post-secondary training or education program. There was no action required of parents and they had no ability to influence how the funds were invested on their child’s behalf. The CEF has grown to $300 million since it was established 6 years ago.

As part of the government’s Families First Agenda, British Columbians were asked about the CEF and what could be done to make it easier for them to save for their children’s education.
As a result, the government is transforming the Children’s Education Fund into the BC Training and Education Savings Program, which will provide a one-time, $1,200 savings grant to an RESP when a BC resident child turns 6 years of age.

There are several benefits to transforming the CEF into an RESP grant model, including:

- families will have a stronger incentive to start planning and saving early for their children’s education;
- children can also access RESP grants from the Government of Canada;
- children born outside of B.C., but are residents of B.C. on or after their 6th birthday, are now eligible to receive the grant;
- after children receive the grant, it stays with them even if they move to another province;
- there is greater flexibility on where the children can pursue their post-secondary education; and
- families have more flexibility as to how the funds are invested.

**How many families typically start RESPs for their children? Won’t this just help those families who can already afford to save for their children’s education?**

Everyone can benefit from RESPs, no matter the family income level. Even the smallest investment can grow over time.

Currently, approximately 57 per cent of B.C. children born in 2007 have RESPs in place already. We hope that the new BC Training and Education Grant will encourage more families to start planning and saving early for their children’s education after high school.

Just by creating an RESP, lower income families eligible for the National Child Benefit Supplement are immediately entitled to receive the Canada Learning Bond and $25 to help cover the cost of starting an RESP.

The Canada Learning Bond provides an initial $500 to the RESP, with additional payments of $100 each year until age 15, for a maximum total grant of $2,000. Similar to the $1,200 BC Training and Education Savings Grant, no matching or additional family contributions are required. That’s up to $3,200 in grants without any additional contributions.

However, to encourage families to contribute as well, the Canada Education Savings Grant also provides a 20 per cent grant on RESP contributions up to $2,500 per year (for a grant of up to $500 per year), up to a lifetime maximum grant of $7,200 per child.

For lower income families, putting aside $10 per month starting at age 6, combined other federal and provincial savings grants, will add up to about $7,000 when the child turns 17.

**Those who need the financial support the most are the very families who are least likely to open an RESP account. What will you do to make sure low-income families and vulnerable children will benefit from this approach?**

Many RESPs can be opened with little or no cost to the parent. Just by creating an RESP, families eligible for the National Child Benefit Supplement can receive $25 to help cover the cost of starting one.
The BC savings grant requires no matching or additional contributions so parents or families that can’t afford to put aside savings at this time should still start an RESP as soon as possible.

When their circumstances change and they are able to put some money aside, having an RESP already in place makes it that much easier to save for the future. Even the smallest investment will grow over time and make it that much easier to pursue education after high school.

Also, it’s not just parents who can open an RESP. Other family members or family friends can start an RESP provided they have the necessary information to open the account that’s best for the child.

The Government of Canada offers a wealth of tips and resources about RESPs, federal grants and other information to help families make these decisions. Individuals can call 1 800 O-Canada (1 800 622-6232), or visit a Canada Service Centre or online at www.CanLearn.ca

There are a number of programs and resources offered through financial institutions and non-profit groups that can guide individuals through financial decisions such as RESPs. For example, the Canadian Centre for Financial Literacy (http://www.thecclf.ca/home.aspx) is dedicated to supporting financial literacy in low-income families.

The resources available through these websites can help families get in touch with local groups and organizations to further develop their financial knowledge and understanding, making decisions such as RESPs that much easier.

**Are you suggesting this $1200 will grow enough to cover tuition?**

This grant is a starting point for families. By encouraging families to establish RESPs, it makes it easier for parents, family friends and relatives, and even the children themselves, to plan and start saving for the future.

While no matching or additional contributions are required to receive the grant,

even a small monthly contribution to an RESP, combined with the BCTESG and the Government of Canada’s Education Savings Program, can add up to significant savings to help tomorrow’s young adults pursue the careers of their choice.

Putting aside $10 per month starting at age 6, combined other the BC Savings Grant and the Canada Education Savings Grant, will add up to about $4,000 when the child turns 17. And for those families who also receive the Canada Learning Bond, the total increases to $7,000.

Putting aside $50 per month, the total savings can add up to $12,500.

**BCTESP Administration**

**Who is going to be responsible for administering this grant?**

The Ministry of Education will administer the BC Training and Education Savings Program and contract with Human Resources and Skills Development Canada to manage the grant applications, support the transfer of funds into eligible RESPs, and to ensure the return of the BC savings grants in the event the RESP is closed or the beneficiary opts not to pursue post-secondary education or training.
HRSDC already has well established relationships with financial institutions and RESP promoters and proven systems to ensure government contributions can only be used for their intended purpose.

**How much money is government spending on this? Wouldn’t it be better to simply use that money to lower tuition?**

The estimated fiscal plan impact as accounted for in Budget 2013 is $30 million annually.

As part of its public engagement on the Families First Agenda, the government specifically asked British Columbians about the Children’s Education Fund and how it could be best used to support post-secondary education.

By transforming the Children’s Education Fund into the BC Training and Education Savings Program, the government hopes to encourage more families to start planning and saving earlier for their child’s education after high school.

B.C. taxpayers already subsidize two-thirds of the actual cost of a post-secondary education. Undergraduate students attending B.C. public post-secondary institutions currently pay the fourth-lowest tuition in Canada and tuition increases in B.C. are capped at 2 per cent annually.

**How much are you going to spend on advertising the grants?**

A specific amount has not yet been determined. However, we want to make sure that all eligible families open up an RESP before their child’s seventh birthday to qualify for the savings grant.

We plan to use marketing and advertising to reach families and build awareness of the new savings grant and the benefits to starting an RESP early. B.C. will also explore opportunities to work with the Government of Canada and financial institutions on these shared goals.

**My child is only one right now. Can you guarantee this same amount of money will be available for her when she turns six? Will you index the grant amount to account for inflation?**

The grant will not be automatically indexed and it is expected to remain at $1,200 in the current three-year fiscal plan. In future years, government may decide to adjust the savings grant amount based on what taxpayers can afford at that time and how to best encourage families to start saving early for their child’s education.

**Does this mean the government is reneging on its previous commitment to invest $1,000 on behalf of every child in B.C.? Does this mean that if I don’t start an RESP, that my child will lose out on the $1,000 they were promised by the Children’s Education Fund?**

As was the case with the CEF, every child born on or after January 1, 2007 is entitled to receive the BC Training and Education Grant. The only significant differences are that families must open an RESP to access the $1,200 grant and the child must be a resident of B.C. when they apply for the grant. If families do not open an RESP before their child’s seventh birthday (or Feb 28, 2014) they will not receive the BC savings grant.

**About RESPs and Other Savings Programs:**

The estimated fiscal plan impact as accounted for in Budget 2013 is $30 million annually.
Do any other provinces have similar RESP programs? How does the BC Training and Education Savings Program compare?

Yes, Alberta has partnered with Human Resources and Skills Development Canada (HRSDC) since 2005 to deliver the Alberta Centennial Education Savings Plan, Saskatchewan is currently working with HRSDC to implement the Saskatchewan Advantage Grant for Education Savings and Quebec has a similar program in place, the Quebec Education Savings Incentive, which it administers on its own.

The Alberta Centennial Education Savings Plan Grants provides an initial $500 to an RESP for children born to or adopted by Alberta residents on or after January 1, 2005. The plan also provides additional $100 grants to students who are enrolled in school and have turned 8, 11, or 14 years of age. A deposit into the child’s RESP of at least $100 during the previous year is required to receive each of these $100 payments.

When implemented later this year, the Saskatchewan Advantage Grant for Education Savings will provide a grant to an RESP at a rate of 10 per cent of the subscriber’s annual contributions up to a maximum provincial contribution of $250 per year per beneficiary.

Since 2007, the Quebec Education Savings Incentive has also provided RESPs with an amount equal to 10 per cent of the net contributions paid into it over the course of a year, up to a maximum of $250. To help low-income families, an increase of up to $50 per year, calculated on the basis of family income, may be added to the basic amount.

What is an RESP?

A Registered Education Savings Plan is a special savings account registered with the Government of Canada that allows money deposited for a child’s post-secondary education to grow tax-free.

RESPs can be in place up to 36 years and can be used by beneficiaries starting at age 17 to pay for full-time or part-time studies in college, university, trade school, or apprenticeship program.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

What information do I need to start an RESP?

You and the child must have Social Insurance Numbers. Then you need to choose an RESP provider that best suits your needs. RESP providers include most financial institutions, such as banks or credit unions, group plan dealers, and certified financial planners.

It is important to choose the right type of RESP plan you want to open. Your financial institution will help you decide and shop around to find the RESP plan that best suits your needs.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

What is the maximum amount I can contribute to an RESP?
There is a lifetime contribution limit of $50,000 per child.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

**Do financial institutions charge families to create an RESP? If so, how much?**

Many RESP providers do not charge any fees but it depends on the institution and the type of RESP. Parents and families should shop around to see what RESP and institution best fits their specific needs.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

**How do I apply for the Government of Canada’s RESP savings grants?**

Once an RESP is opened and a deposit is made in it, your RESP provider will then apply for Canada Education Savings Grant and Canada Learning Bond on your behalf. The grants will be deposited directly into the RESP.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

**What is the maximum family income level to access the Canada Learning Bond?**

Families eligible to receive any amount of the National Child Tax Benefit Supplement are also eligible to receive the full Canada Learning Bond. The National Child Tax Benefit Supplement is income tested. While there are a variety of factors that are considered, the supplement is generally phased out when family income is above $43,000.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.

**Will the $1,200 trigger the 20 per cent federal contribution?**

No, the Canada Education Savings Grants are only based on the RESP contributions made by the child's friends or relatives. It is not calculated on the value of other government grants, such as the BC Training and Education Savings Grant.

The Government of Canada’s www.CanLearn.ca site has many helpful tips and resources that can guide families in choosing the right RESP and the right RESP provider.