

CESG / CLB Quick Facts

WHAT IS THE CESG?

- The Canada Education Savings Grant (CESG) is an incentive to encourage saving for a child's post-secondary education through savings in Registered Education Savings Plans (RESP).
- The federal government pays the **CESG** rate of 20% on the first \$2,500 (or less) of annual contributions made to an RESP on behalf of eligible beneficiaries.
- For an eligible beneficiary, there are additional **CESG** rates of 10% or 20% to be applied on the first \$500 (or less) of annual contributions made in 2005 or later. All other contributions above the first \$500 continue to be eligible for the CESG rate of 20%.

CESG ELIGIBILITY REQUIREMENTS

To receive CESG, a child must:

- be 17 years of age or younger (includes calendar year of 17th birthday);
- be a Canadian resident;
- have a valid Social Insurance Number (SIN);
- be named as a beneficiary to an RESP;
- have a contribution made to an RESP in his/her name; and
- have available grant room.

Contributions made in respect of 16 or 17 year-olds (Calendar year) will not be eligible for CESG unless:

- \$2,000 or more must have been contributed to an RESP (and not withdrawn) for the beneficiary before the end of the calendar year the beneficiary turned 15 or
- \$100 or more must have been contributed to an RESP (and not withdrawn) for the beneficiary in each of any four years before the end of the calendar year that the beneficiary turned 15.

In addition to the above requirements, to qualify for the Additional CESG rate of 20% on the first \$500 (or less) of contributions made in 2005 or later an eligible beneficiary must:

- be named as a beneficiary to an individual plan or to a family plan in which all of the beneficiaries are siblings; and
- be a dependent of an individual whose adjusted family net income is \$42,707* or less; or be a dependent of a public primary caregiver receiving payments under the *Children's Special Allowances Act* (CSA Act).

In addition to the above requirements, to qualify for the Additional CESG rate of 10% on the first \$500 (or less) of contributions made in 2005 or later an eligible beneficiary must:

- be named as a beneficiary to an individual plan or to a family plan in which all of the beneficiaries are siblings; and
- be a dependent of an individual whose adjusted family net income is greater than \$42,707* but not more than \$85,414*

Note: To receive Additional CESG, the beneficiary's **primary caregiver's** (PCG) SIN or Business Number (BN) must also be provided.

**income levels based on 2012 income brackets*

WHAT IS THE CLB?

- The Canada Learning Bond (CLB) recognizes the need for equal access to post-secondary education for all Canadians by providing payments into RESPs held for children from lower-income families.
- The government pays an initial CLB of \$500 to eligible children. Subsequent installments of \$100 will be available for each year of eligibility until age 15.
- A contribution to an RESP is not required for CLB payments to be received.

CLB ELIGIBILITY REQUIREMENTS

To receive CLB, a child must:

- be born on or after January 1, 2004;
- be a Canadian resident;
- have a valid Social Insurance Number (SIN);
- be named as a beneficiary to an RESP to an individual plan or to a family plan in which all of the beneficiaries are siblings;
- be under 21 years of age when the CLB is requested and
- be a dependent of a primary caregiver who is entitled to the National Child Benefit Supplement (NCBS); or be a dependent of a public primary caregiver receiving payments under the CSA Act.

Note: The beneficiary's PCG SIN or BN must also be provided.

PLAN DESIGNATION

- Beneficiary's PCG must designate an RESP to receive the Additional CESG and/or CLB payments
- For CLB, only one RESP can be designated at a time to receive payments. The designated RESP can be changed and/or updated through a new request.

CONTRIBUTION AND CESG LIMITS

- Annual and lifetime RESP contribution limits per beneficiary were \$4,000 and \$42,000 respectively from 1998 to 2006. However starting in 2007, the lifetime contribution limit has been elevated to \$50,000 with no annual contribution limit.
- The CESG annual limit ranges from \$500 to \$600 depending on the child's eligibility for Additional CESG. The CESG lifetime limit is \$7,200. Grant room begins to accumulate at a rate of \$400/year starting in 1998 (\$500/year for 2007 and subsequent years) or the year the child was born until the end of the calendar year he/she turns 17 years old.
- If all annual contributions do not attract the basic amount of \$400 of CESG (\$500 for 2007 and later), the unused portion may be added to the grant room available for use in a subsequent year. This means that future contributions could attract up to \$1100 depending on the child's eligibility for the Additional CESG in a given year. (Any unused portion of the Additional CESG is not added to the grant room available in a subsequent year.)
- CLB payments do not affect annual or lifetime contribution limits.

CLB LIMITS

- A \$500 initial CLB is available for the beneficiary's first year of eligibility. Subsequent installments of \$100 are available for each subsequent year of eligibility until the end of the calendar year the beneficiary turns 15 years old.
- The beneficiary's first year of eligibility does not necessarily coincide with the year of his/her birth.
- Depending on eligibility, the lifetime limit one beneficiary can receive in CLB payments is \$2,000.

REQUESTS AND PAYMENTS OF CESG AND CLB

- An application form must be completed by the subscriber before a promoter applies for the CESG and/or the CLB.
- For CLB and Additional CESG, the beneficiary's primary caregiver must designate the RESP to receive payments.
- CESG and CLB payments are made by the Government of Canada to trustees for deposit.
- CLB accumulates for each year of eligibility, regardless of whether an RESP has been opened in the child's name or not. Once the RESP is opened and the CLB requested, all accumulated CLB can be paid to the eligible beneficiary.
- Accumulated CLB must be requested before the beneficiary's 21st birthday.