



SHAH FINANCIAL PLANNING INC.

Keeping You Informed on Tax & Investments

Greetings!

Start RESP Savings Early to maximize Grants and Growth

Now that we have begun a new school year and those tuition bills start to take a hit on your bank account, you wished you had saved more. If you are not at that stage yet, then it's important to start early and start putting away as much as you can.

Remember, children's Higher Education is costly and is continuously increasing. To finance these costs, there are ONLY three options: (i) start saving from now (ii) borrow the required money when needed with non-deductible interest charges (iii) finance the required money when needed by any means available.

We advise that you should start saving from now by putting away \$2,500 a year or \$210 each month, per child into an RESP to maximize federal government grants.

Regardless of your family's income, the basic grants are equal to 20 per cent of contributions, up to \$500 per year for each child under age 18 and a lifetime limit of \$7,200.

These government incentives, called Canada Education Savings Grants, can also be carried forward but \$1,000 is the maximum grant parents can receive per child in any one year.

Families with net incomes of \$90,563 or less in 2016 are entitled to additional CESG. Households with a family net income of \$45,282 or less receive an extra 20 per cent on the first \$500 of annual RESP contribution, and households with a family net income exceeding \$45,282 but not more than \$90,563 receive an extra 10 per cent on the first \$500 of annual RESP contribution. . The net income threshold is annually indexed.

RESP provides Tax deferred and compounding growth. RESPs can also provide a tax break on investment gains, which become part of the student's taxable income when the money is withdrawn from the plan - not the contributor's.

Our advice is to start a systematic purchase plan of as little as \$100 every two weeks for each child in order for you to build up the RESP's. Don't procrastinate and lose government's grants. Start Saving Now!

We are at your service. If you require further information/assistance, please do not hesitate to contact your [financial advisor](#) at Shah Financial Planning Inc.

Office Hours

: May to January :


Monday to Friday ► 9:00 am to 5:00 pm

Thursday by Appt. ► 5:00 pm to 6:00 pm

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