



It's never too early to start
planning for her education

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 Scotiabank Group™



You're looking at potential. How it's fulfilled is up to you.

A good education is the goal of most parents when it comes to their children. You can open doors by helping them with their post-secondary education. By saving with an RESP, you receive tax benefits and can take advantage of special grants that really add up over time.

The costs associated with a post-secondary education are always on the rise, so it's the norm for today's parents to start saving early to cover the expense. You can contribute to your children's future by saving money for their education now.

By the time your newborn is ready for a post-secondary education, costs could be \$80,000 or more for a four year degree—not including room and board. To give your child the advantage of an education, the time to start saving is now. The sooner you start, the easier it will be to reach your goal to give your children the education they deserve.

RESPs help build careers and futures

Below you'll find a comprehensive introduction to the educational savings solution that will help fund your child's ambitions—the Registered Education Savings Plan, or RESP.

You'll also find information about other Government of Canada programs that can help you save, including:

- Canada Education Savings Grant (CESG) added to your RESP savings
- Canada Learning Bond (CLB) an additional grant worth up to \$2,000 and awarded dependent upon your family's income

These two special savings incentives are only available if you have an RESP.

What is an RESP?

The RESP is a savings plan that can help you, your family or your friends save for your child's education after high school. They are registered with the Government of Canada, so the savings for education can grow tax-sheltered until the child named in the RESP enrolls in eligible studies after high school.

You will not pay taxes on the money you've earned in the RESP. The income your investment earns while it's in your RESP will be taxed, but only when the RESP is closed or money is taken out to pay for the education of the beneficiary. Since many students have little or no income, they can often withdraw the money tax-free.

You are permitted to contribute up to a lifetime maximum of \$50,000 per child.

In an **Individual Plan** you can contribute up to December 31st of the 21st year of the plan, regardless of the age of the beneficiary.

In a **Family Plan** you can contribute until a beneficiary's 21st birthday.

Both types of plans mature on December 31st of the 25th year following the year in which the plan was opened.

Two types of RESPs

Individual Plan – Anyone can open a plan for your child's benefit, including parents, grandparents, aunts, uncles, even friends. One child per plan.

There are no age limits to open an Individual RESP. You can open a plan for a child, or you can name yourself or another adult as the beneficiary of your plan. An RESP allows adults to earn interest on their education savings, tax-free.

Family Plan – this plan can have multiple beneficiaries so you can direct funds to your other children if one decides not to pursue post-secondary education. All beneficiaries must be related by birth or adoption to the subscriber, as defined by the Income Tax Act.

What you need to open an RESP

1. A birth certificate for the beneficiary child, from the provincial or territorial government where your child was born.
2. Your own Social Insurance Number (SIN)
3. A SIN for the beneficiary child. There is no cost or age limit to get a SIN—even a baby can get one. You can apply by visiting www.hrsdc.gc.ca

Contributing to an RESP

The amount of money you put in an RESP depends on the amount of money you choose to invest.

Unlike an RSP, there is no annual limit to how much you can deposit in an RESP. Over your lifetime, you can invest up to \$50,000 for each beneficiary named in an RESP.



Other sources of education savings

Canada Education Savings Grant (CESG)

CESG basics

No matter what your net family income is, the grant provides **at least 20 cents** for every dollar of the first \$2,500 of annual RESP savings made on behalf of a child. If you make \$2,500 in RESP contributions in one year, you will receive between \$500 and \$600 in CESG (depending on your family income).

Your net family income is reported on your Canada Child Tax Benefit statement (commonly known as a “baby bonus”, or “family allowance”) that you receive from the Canada Revenue Agency each July. It’s important to apply to the Canada Revenue Agency for the Canada Child Tax Benefit as it may affect the amount of CESG you will receive.

Award amount?

The amount of the grant is based on your family income. The amount can change over time as your family income changes. Depending on your family income, your child could receive an additional grant on your RESP savings that you make:

If your net family income is below \$37,178^s, the CESG will give you **40 cents** for every dollar on the first \$500 you save in your child’s RESP each year. If you save more than \$500, you will get **20 cents** for every extra dollar, up to a maximum of \$2,500.

If your net family income is between \$37,178 and \$74,357^s, the CESG will give you **30 cents** for every dollar on the first \$500 you save in your child’s RESP each year. If you save more than \$500, you will get 20 cents for every extra dollar, up to a maximum of \$2,500

For example:

on a contribution
of \$2,500 you
would receive
\$600 in CESG

$$\$500 \times .40 = \$200$$

$$\$2,000 \times .20 = \$400$$

$$\text{Total :} \quad \quad \quad \mathbf{\$600}$$

If your net family income is above \$74,357^s, the CESG will give you **20 cents** for every, up to a maximum of \$2,500 which translates into a \$500 grant.

For example:

on a contribution of \$2,500 you would receive \$550 in CESG	$\$500 \times .30 = \150
	$\$2,000 \times .20 = \400
	Total : \$550

Canada Learning Bond (CLB)

The CLB is a Government of Canada grant to help you start saving early for a child's education after high school.

A child is eligible if:

- They were born after December 31, 2003
- Your monthly Canada Child Tax Benefit payment includes the National child Benefit Supplement

For families who qualify, the Government of Canada will add to a child's RESP by making a first payment of \$500, plus extra payments of \$100 a year for children up to the age of 15, as long as the beneficiary's primary care giver receives the national Child Benefit Supplement annually. The total CLB available for a child could amount to \$2,000.

CLB requirements

To be eligible for a CLB:

- Apply for a birth certificate and a SIN for your child

- Apply to the Canada Revenue Agency for the Canada Child Tax Benefit Supplement
- Open an RESP for your child
- Ask your Scotiabank representative to apply for the CLB on behalf of your child—If you qualify, the bond money will be deposited directly into your child's RESP.

Using your RESP

Your child can start receiving money from the RESP as soon as he or she is enrolled in a qualified post-secondary educational program. Qualified educational programs include apprenticeships and programs offered by trade schools, CEGEPs, colleges or universities. RESP funds can either be used for full- or part-time study in a qualified program.

Not using the RESP for a secondary education

If a person named in the RESP decides not to continue the education after high school:

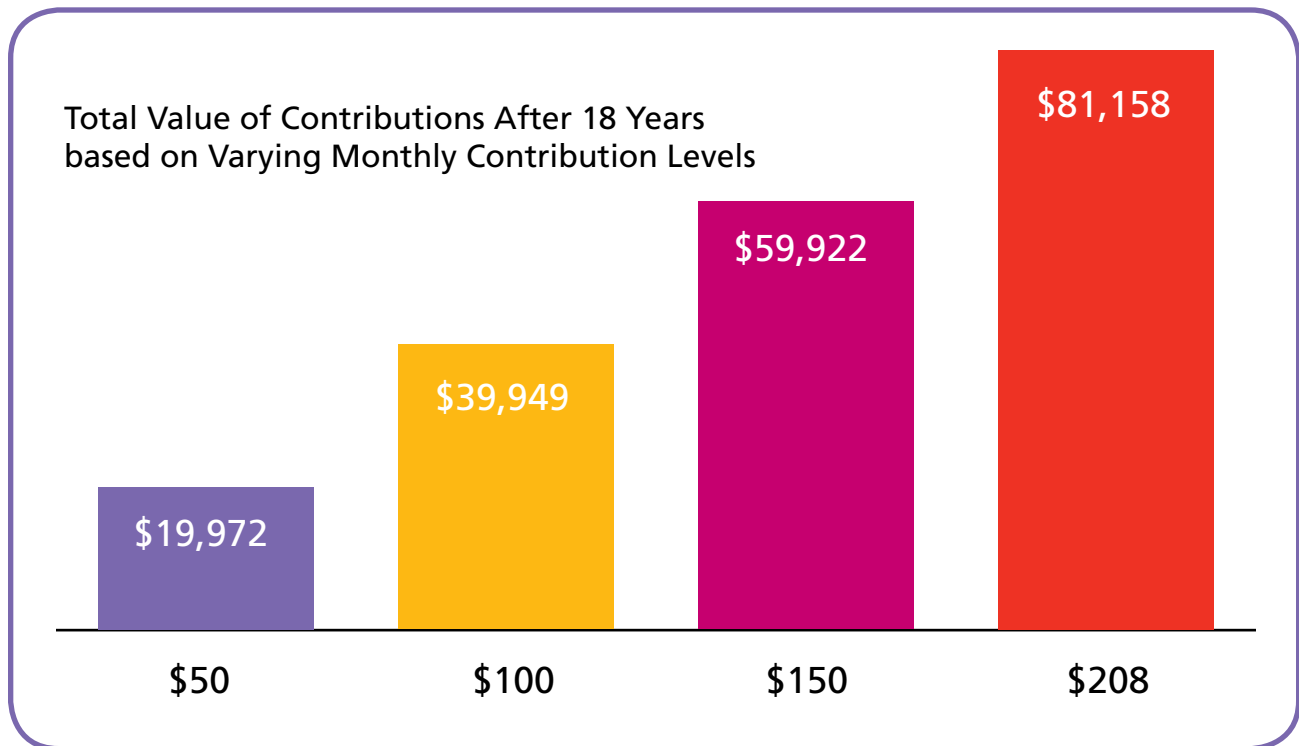
- Wait to see if they pursue other studies--RESP accounts can stay open for up to 26 years
- Transfer the money to a sibling's RESP for their secondary education
- Withdraw the money—ask your Scotiabank advisor for details
- Transfer the money into a Registered Retirement Savings Plan (RRSP)*

* As part of an Accumulated Income Payment – speak to your Scotiabank advisor for more details

The Canada Education Savings Grant may be used for another child; however the CLB cannot be transferred and must be returned to the Government of Canada. The amount that you saved and the interest earned goes back to you.

Get started today with easy Pre-Authorized Contributions

A great way to start putting money into your child's RESP regularly with a pre-authorized contribution. The money comes out of your account automatically —weekly, biweekly or monthly. The money adds up quickly because the growth on the RESP savings is tax-deferred. You may be amazed at how even modest RESP contributions can grow over time.



Assumes all contributions are made at the beginning of each month for 18 years and a 4.5% annual rate of return (including CESG) compounded annually.

Start building your child's future.

For more information, drop by a Scotiabank branch
or visit www.scotiabank.com/resp
Brochure available in alternate format. Call 1 888 615-8991.

For more information about Government of Canada education savings
initiatives, visit www.canlearn.ca.

† Assumptions on which the calculations in the worksheet are based:

Investment Rate of Return	7% per year compounded annually
Tuition Cost Inflation	3% per year
Room and Board Cost Inflation	2.5% per year

Education costs are based on a four-year program starting at age 18, using the annual national average tuition cost \$4,214 and an average annual room and board cost of \$6,616 from Statistics Canada. All contributions are made at the beginning of each month, and basic CESG grants are assumed to be awarded monthly. A 7% annual rate of return, compounded annually, is assumed. Beneficiaries/children must meet the eligibility criteria for the CESG Program.

* Scotia Mutual Funds are offered by Scotia Securities Inc., a corporate entity separate from, although wholly owned by The Bank of Nova Scotia. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus thoroughly before investing. Copies are available through all branches of The Bank of Nova Scotia, Scotiabank and Trust, ScotiaMcLeod Direct Investing and authorized independent dealers. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated.

§ 2007 CESG figures and amounts - these amounts are updated
each year based on the rate of inflation.

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