

Key Concepts: RESP's & RDSP's

	<u>RESP</u>	<u>RDSP</u>
Contribution Room	\$50,000 lifetime per beneficiary – no annual maximum	\$200,000 lifetime maximum – no annual maximum
Plan Opening or Contribution Age Minimum	N/A	No minimum age, however, opening the plan must be completed before the end of the calendar year in which the contributor turns 59 and grants cease when contributor turns 49
Plan End Date Requirement	On Dec 31 of the 35th year after the plan was first opened the RESP will expire.	By December 31 following the calendar year in which the beneficiary (a) dies, or (b) when the beneficiary is no longer considered to have a severe or prolonged impairment in physical or mental functions that qualify them for the disability amount and an election to extend the period for which an RDSP may remain open is not filed
Annual Contribution Deadline	December 31	December 31
Tax Deductible Contributions	No	No
Tax on Income or Capital Gains	Tax deferred until withdrawn	Tax deferred until withdrawn and then taxable on accumulated income and grant portion only
Tax on Withdrawals	Yes – taxable income for the beneficiary in the year withdrawn.	Yes – taxable income for the beneficiary in the year withdrawn
Plan Types	Individual or Family	Individual
Subscriber Restrictions	Family plan - Parents, grandparents and siblings only	N/A
Government Grants	<p>Canada Education Savings Grant (CESG): Basic: 20% of annual contributions, up to \$500 per year per beneficiary (\$7,200 lifetime maximum)</p> <p>Additional CESG: Subject to Income-based eligibility requirements however, may qualify for additional \$100 per year per beneficiary</p> <p>Canada Learning Bond (CLB): Subject to income-based eligibility requirements however, may provide initial \$500 if beneficiary is born on or after January 1, 2004. May also include an additional payment of \$100 for each year of eligibility, up to 15 years for a maximum of \$2,000</p>	<p>Canada Disability Savings Grant (CDSG): Subject to family income-based eligibility requirements. Paid at a matching rate of 100%, 200% or 300% depending on contribution amount and the beneficiary's family income. (\$3,500 annual limit, \$70,000 lifetime maximum per beneficiary)</p> <p>Canada Disability Savings Bond (CDSB): Subject to family income-based eligibility requirements. The Government may provide up to \$1,000 a year to low-income Canadians with disabilities. No contributions need to be made to get the bond. The lifetime limit is \$20,000. A bond can be paid into an RDSP until the year in which the beneficiary becomes 49 years of age and subject to a hold back period</p>