



**Building your  
child's future**

**Dynamic Registered  
Education Savings Plan**

**Dynamic Funds<sup>®</sup>**  
*Invest with advice.*

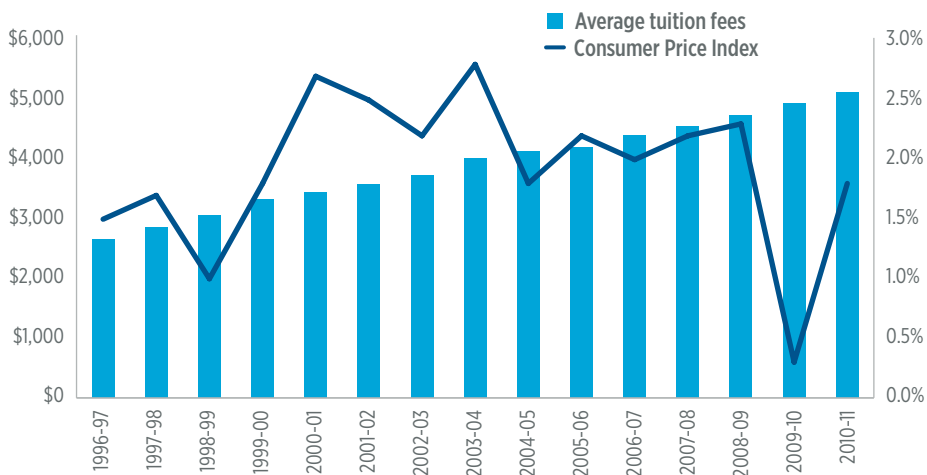


According to Statistics Canada, undergraduate students paid an average of \$5,138 in tuition fees for the 2010/2011 school year.\*

## Education creates opportunity

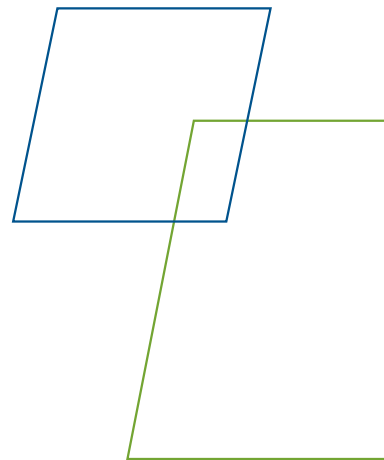
Ensuring that your child has access to a quality post-secondary education is an important decision. However, with the steady rise in the cost of education, sending your child to a post-secondary institution will be expensive. With a Registered Education Savings Plan, you have the comfort of knowing that you are providing a foundation for your child's future.

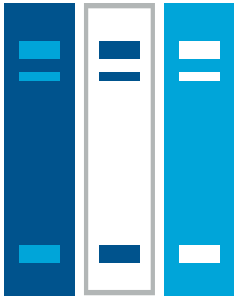
### The rising cost of education



Note: Consumer Price Index annualized by taking averages from September to August.

\* Source: Statistics Canada.



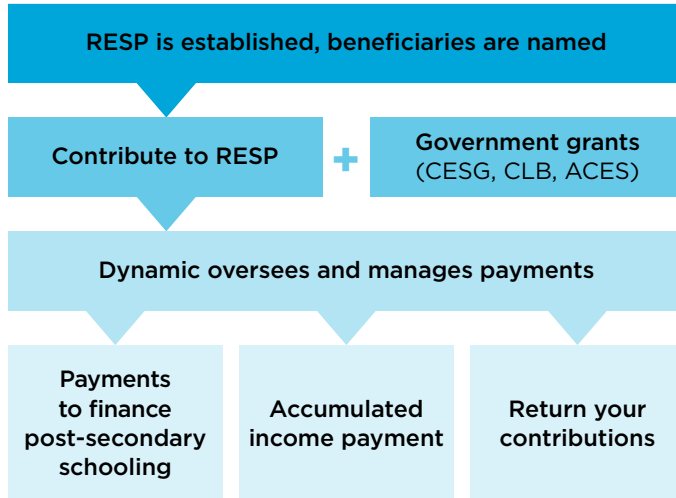


## Education is one of the key investments for the future success of your child

### What is a Registered Education Savings Plan (RESP)?

An RESP is an investment plan that helps you grow money tax free for your child's post-secondary education. Additional money may be added to your RESP through special grants provided by the Government of Canada, depending on your annual household income. As education is one of the key investments for the future success of your child, an RESP presents a timely solution that can assist you in providing for your child.

#### How it works



1. As the subscriber, you establish an RESP plan and name one or more of your children as the beneficiary of the plan.
2. You contribute to the RESP in the form of Educational Assistance Payments (EAPs), and, if applicable, government grants are added on.
3. As your RESP provider, Dynamic oversees all payments in accordance with the terms of the RESP.
4. When your child is ready for post-secondary schooling, Dynamic will make payments to your child to help finance post-secondary education, make payments in the form of accumulated income or return your contributions tax free.

# The benefits of an RESP

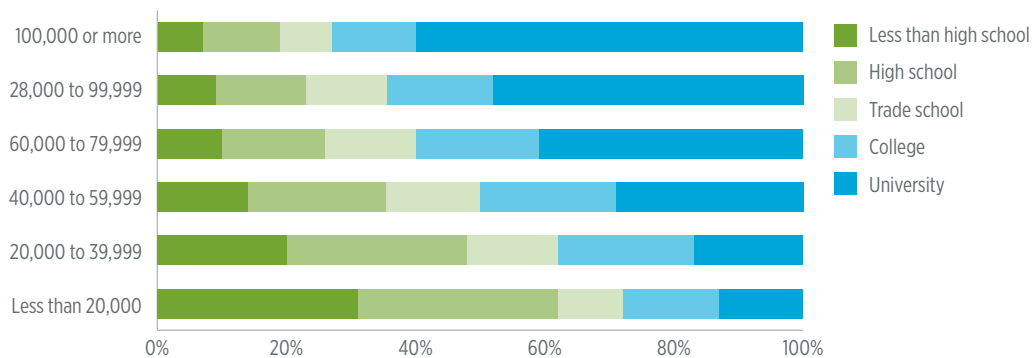
## Putting the building blocks in place

The decision to invest in your child's education is one of the most practical investments you can make for the future. An RESP can help you maximize the money available for your child's post-secondary education.

University and college graduates are already more likely to have a full-time job, and more likely to keep it during an economic downturn. They also tend to earn more than Canadians without a post-secondary education.

### Earnings and education

Levels of earnings (\$)



## Tax-deferred benefits

### Educational Assistance Payments (EAPs)

When your child starts to attend a post-secondary institution and begins to use the RESP, the withdrawals are called EAPs, which are regarded as income for your child. EAPs consist of the earnings on the contributions, earnings on the grant and the grant itself.

- These payments are taxed in the hands of your child, but since many have little or no income, your child can usually withdraw the money tax free
- Contributions can be returned to you at any time, tax free, as you have already paid taxes

### The power of compounding interest

Within an RESP, compounding interest generates an enormous tax-deferred benefit. Compounding growth refers to financial gains that have accumulated within the RESP, which are allowed to grow without the deduction of taxes. When your child is ready to attend a post-secondary institution, the contributions that you have made can be withdrawn tax free.

## Additional savings incentives from the Government of Canada

The Government of Canada believes that education is a valuable investment for the future. When you open an RESP, the Government of Canada helps you save by offering the following grants:

### Canada Education Savings Grant (CESG)

The CESG is a grant from the Government of Canada to assist you in saving for your child's post-secondary education. On the first \$500 you save in your child's RESP, the Canada Education Savings Grant will give you:

- up to \$200, if your net family income is \$41,544 or less;
- up to \$150, if your net family income is between \$41,544 and \$83,088; and
- up to \$100, if your net family income is more than \$83,088.

The family net income amounts are updated each year. When you save more than \$500 annually, the Canada Education Savings Grant could add up to \$400 on the next \$2,000. The maximum lifetime grant per child is \$7,200.

Income amounts shown above are for 2011.

### Canadian Learning Bond (CLB)

The CLB is an additional grant that can be added to your RESP, depending on your annual family income. If your child was born after December 31, 2003, and you receive the National Child Benefit Supplement as part of the Canada Child Tax Benefit, you are eligible for the CLB.

### Alberta Centennial Education Savings Plan (ACES)

In 2005, the Government of Alberta introduced ACES as a provincial grant for residents of Alberta. If you are a parent or guardian who has opened an RESP for your child, the grant is deposited into the RESP on behalf of your child, and includes the Alberta Centennial Education Savings Plan \$500 Grant and the Alberta Centennial Savings Plan \$100 Grant.

## Types of plans

### Family RESP

In these plans, one or more of your children can be beneficiaries of the RESP, as long as there is a connection by blood or adoption. Contributions to these plans can be made only until the beneficiary turns 21.

### Individual RESP

In these plans, only one child can be the beneficiary of the RESP. There are no restrictions on who can be a beneficiary, as the child can be over 21 and does not have to be related to the subscriber. Contributions to these plans can be made up to 22 years after the plan is established.

### When opening an RESP, consider:

- The level of education of your family members
- Who would want to contribute to the RESP
- How many children you expect to be saving for
- If you expect your children to make any financial contributions to their education

## Frequently asked questions

### **Who can open an RESP?**

Anyone in your family can open up an RESP for your child – including grandparents, relatives and friends.

### **Can I open an RESP for myself?**

There are no age restrictions when opening an RESP – it can be in the name of your child, yourself or another adult. Note that adults are not qualified for the CESG or the CLB.

### **What do I need to open an RESP?**

You will need a social insurance number for yourself and for your child.

### **What qualifies as a post-secondary institution?**

Qualifying educational programs include apprenticeships, trade schools, college, university, CEGEP or schools outside of Canada.

### **Can my child have more than one RESP?**

Your child can be the beneficiary of more than one RESP, but the lifetime limit for contributions (\$50,000) still applies. Ask others whether they will be making contributions for your child to ensure that limits are not exceeded.

### **How frequently do I need to put money in the RESP?**

It depends on your plan. Some plans require monthly contributions, while others are more flexible and allow as much money as you want to contribute within the RESP limits.

### **What is an Accumulated Income Payment (AIP)?**

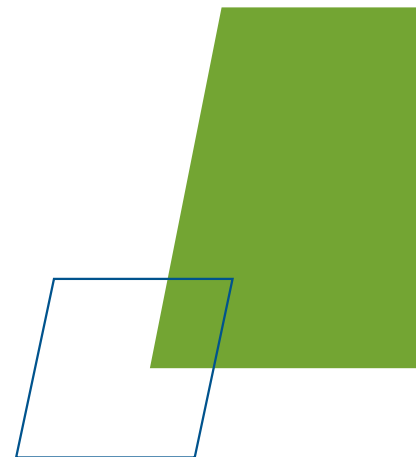
An AIP is a payment from the income earned on money you contributed to an RESP. If applicable, the AIP also includes income earned on funds in the RESP from the CESG or CLB.

### **Can I get a tax deduction?**

You do not receive a tax deduction for the money you put in your RESP, but once it is in the RESP, it grows tax free. It becomes taxable once you close the RESP or if money is taken out to pay for your child's post-secondary education. Once your child receives money from the RESP in the form of an EAP, it is taxed, but because many children have little or no income, the money is usually withdrawn tax free.

### **What if my child does not attend a post-secondary institution?**

If your child does not continue on to post-secondary schooling, you can withdraw your personal savings, tax free. However, any money from a CESG or CLB must be returned to the Government of Canada, or, if conditions apply, can be used for a sibling's education.



## The Dynamic Funds advantage

Dynamic Funds is a leading Canadian investment company offering comprehensive investment services that cover the entire spectrum of choice, including mutual funds, tax-advantaged products and high-net-worth programs. For over 50 years, Dynamic Funds has been a financial industry pioneer, offering professional investment management to the public.

### Successful investing starts with good advice

At Dynamic Funds, we believe that professional advice is extremely important when determining your investment strategy. A financial advisor can help you review your goals to create a plan that is specific to your needs, and tailor your investments to match your risk tolerance. Make an appointment to discuss RESPs with your financial advisor today.

## Ask your financial advisor for more information on how Dynamic Funds can help you meet your investment goals.

### Customer Relations Centre

Toll free: 1-800-268-8186

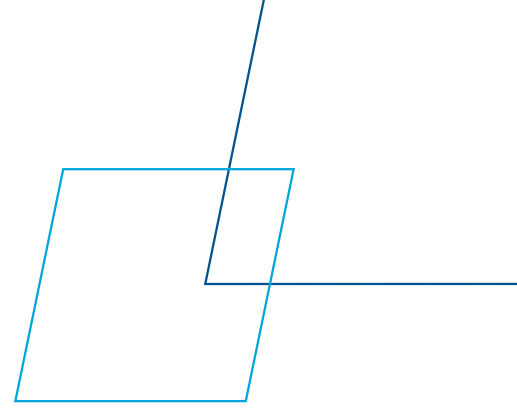
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