




# Tradex





## Registered Education Savings Plans (RESPs)


The 20% Government of Canada cash grant makes this the best way by far to save for your child's or grandchild's education.

The Government sponsored RESP program is extremely advantageous and we highly recommend setting up an RESP for your child's or grandchild's education. In a nutshell, here's how it works:


 The Government of Canada will provide a cash grant (Canada Education Savings Grant "CESG") of up to \$500 per year (20% of the first \$2,500 contributed annually) for each child up to age 18, subject to a lifetime grant limit of \$7,200 per child. Thus, if you contribute \$2,500 a year to a RESP, after the Government grant, the amount actually invested will be \$3,000 (prior to enhancements to the program announced in the March 2007 Budget, the maximum annual government cash grant was 20% of \$2,000 or \$400 per year). In addition, since the grant room is cumulative, children with "unused" grant eligible contribution room could receive a cash grant of up to a limit of \$1,000 in a given year.


 The lifetime RESP contribution limit is now \$50,000 per child and there is no longer an annual contribution limit. A note of caution, however, is that if you make a large lump sum payment you may miss out on receiving the maximum grant amount. Therefore, we strongly recommend seeking advice on the exact details of the Plan before making a large lump sum payment.


 While RESP contributions are not tax deductible by the contributor, the income and capital gains earned on the entire investment grow tax-deferred. And when those earnings are eventually withdrawn to pay for educational expenses (including tuition, books, housing and related expenses) the money is favourably taxed at the student's typically low rate.

 There are many excellent no-load mutual fund RESP investment options available through Tradex, including funds offered by TD Bank, AGF, Ethical Funds, AIM Trimark and Mackenzie.

When you establish an RESP account through Tradex:

 There are no sales commissions, deferred sales charges or other administrative costs. Every dollar you contribute (plus the government cash grant) is invested in the RESP.

 You have an extremely wide choice of investment options. And, for purposes of diversification, you can choose to invest in more than one mutual fund. For example, 50% of the RESP account can be invested in a Canadian equity fund, 30% in a bond fund and 20% in a global equity fund.

 Contributions can be made through lump sum annual payments or through regular pre-authorized payments. It's easy to set up a monthly pre-authorized contribution plan (which you can cancel at any time at no cost). Simply choose the amount you want to contribute each month and that amount will be withdrawn from your bank account automatically each month (the 20% Government grant will also be added monthly).

For more information on setting up an RESP at Tradex please phone either Blair Cooper, Brien Marshall, Luc Bisailon or Debby Wright at 613-233-3394 or e-mail us at [info@tradex.ca](mailto:info@tradex.ca) and we'll mail you a complete RESP kit, including a detailed questions and answers brochure, a prospectus, application form, and a brochure on RESPs issued by the Ontario Securities Commission.



**Remember,** the earlier you start, the more time your RESP contributions (and the government grant) have to generate tax-sheltered earnings.

