Registered Education Savings Plan (RESP)

A fact sheet for children’s aid society staff, including workers, business managers and finance departments

All children and youth should be supported in their educational goals. Sometimes financial resources are a barrier to achieving these goals.

What is the purpose of the Policy Directive?
The Registered Education Savings Plan (RESP) Policy Directive requires societies to direct funding of $160 per month for eligible children in care under the age of six and $60 per month for eligible children and youth aged six through 17. Eligible children and youth include children and youth for whom the society is in receipt of the Children’s Special Allowance (CSA) [a payment to an agency (such as a children’s aid society) that provides care for children], and who are:

- In care,
- In customary care, or
- In a Voluntary Youth Services Agreement (VYSA), and who choose to have an RESP opened on their behalf.

Effective April 30, 2018, youth in a VYSA for whom the society is in receipt of the CSA will have the option to have an RESP established, or could choose to open a savings account in lieu of the RESP.

The goal of the RESP Policy Directive is to promote increased educational attainment for eligible children and youth by providing increased financial resources.

Who is eligible?
Societies shall establish RESPs for children and youth under the age of 18 for whom they are receiving, or have received the CSA and who have been in extended society care, in interim society care for at least twelve consecutive months, or subject to customary care agreements for at least twelve consecutive months.

Youth in a VYSA, for whom the society is receiving the CSA, are also eligible for the RESP program. At the time of entering a VYSA, the society will inform the youth about the RESP program, as well as an alternative option to have the society establish a personal savings account instead of an RESP.
Where does the funding come from?
Previously societies received the federal Universal Child Care Benefit (UCCB) and CSA as two separate payments to be used for RESPs and for the care and maintenance of children and youth in care. As of July 2016, the UCCB no longer exists and has been subsumed under the CSA. Funds equivalent to the June 2016 UCCB amounts ($160 per month for eligible children in care under the age of six and $60 per month for eligible children and youth in care ages six through 17) must be allocated to eligible RESP recipients.

Opening an RESP also facilitates access to additional federal funds, including the Canada Learning Bond (CLB) and the Canadian Education Savings Grant (CESG).

How does it work?
Although RBC is Ontario’s main RESP provider for children and youth in care and youth in a VYSA, you can work with any financial institution to set up RESP accounts for eligible children and youth. A Social Insurance Number and/or Birth Certificate, both of which can be obtained from Service Canada, are required to open an RESP.

For youth in a VYSA who choose the savings account option in lieu of an RESP, societies may open a separate savings account or combine the RESP-equivalent savings with the Ontario Child Benefit Equivalent (OCBE) savings account. When a savings account has been opened or combined with OCBE savings for an eligible youth, the society shall deposit RESP-equivalent funds into that youth’s savings account at monthly intervals. Each society shall establish a separate general ledger account to hold and pool all RESP equivalent funds and OCBE savings funds made by the Ministry of Children and Youth Services (“MCYS”).

Statements for RESPs and savings accounts must be retained in the child or youth’s file. This information should be shared with the child or youth or their caregiver as appropriate.

When can the RESP be collapsed/redeemed/transfered?
Transferring an RESP or Savings Account:
- All funds in a child’s RESP account should be transferred to an account held by a caregiver if the child has been with the caregiver, or if their file has been closed, for at least twelve months.
- In all other cases the society should continue to hold the RESP on behalf of the child.
- Youth in a VYSA who choose to have an RESP account will have the option to have the society continue to hold the RESP on the youth’s behalf, or transfer the RESP to a caregiver.

Redeeming an RESP or Savings Account:
- An RESP account can be redeemed when the beneficiary is enrolled on a full or part-time basis at an accredited postsecondary institution, college or training institute.
- Youth in a VYSA who choose the savings account option can access savings account funds upon expiry or termination of the VYSA and upon meeting certain requirements set out in the RESP Policy Directive.
Where a youth does not meet disbursement requirements, the society will work with the youth to establish a plan for the disbursement of all or part of the savings to third parties (e.g., rent payments to landlord) on behalf of the youth.

**Collapsing an RESP or Savings Account:**
- An RESP account will be collapsed when the beneficiary has turned 25 if the beneficiary has not enrolled in a qualifying program, or if the society is unable to contact the beneficiary.
- In the event of an RESP account collapse, the funds will be distributed equally amongst all open RESP accounts for which the society is a subscriber.
- A savings account will be collapsed if the beneficiary cannot be located within one year from the date of VYSA expiry or termination, or one year from the agreed upon date of disbursement between the society and the youth.
- In the event of a savings account collapse, the society shall distribute RESP equivalent funds equally across all other RESPs.

**What can the funds be used for?**
RESP funds can be used for qualifying educational programs and institutions, determined by the Canada Revenue Agency.

Youth in a VYSA who choose the savings account option will be able to use these funds when transitioning to independence, upon the termination or expiry of the VYSA.

**Do you have more questions or require further information regarding the RESP Policy Directive?** Check out the policy directive and related questions and answers that were provided to your society, talk to your manager and your finance department, or have your manager contact the MCYS Regional Office. More information on RESPs is also available through the Government of Canada: [http://www.canlearn.ca/eng/savings/index.shtml](http://www.canlearn.ca/eng/savings/index.shtml)