

# ADDITIONAL CANADA EDUCATION SAVINGS GRANT (CESG)

## Definition:

The Additional CESG is a federal government program administered by Human Resources and Skills Development Canada (HRSDC). It is an incentive offered to encourage low and middle-income Canadian families to start saving for a child's post secondary education.

## Eligibility Requirements:

To be eligible for the Additional CESG, the beneficiary must meet all of the following conditions:

- Has a Social Insurance Number (SIN)
- Canadian resident
- Named as a beneficiary on a Registered Education Savings Plan (RESP)

To be eligible for the Additional CESG, the custodial parents must meet all of the following conditions:

- Receiving the Canada Child Tax Benefit (CCTB)
- The annual net family income falls under the income thresholds set by the government

## Grant:

An additional grant on top of the Basic CESG of either 10% or 20% on the first \$500 contributed annually for a beneficiary. Eligibility is based on annual net family income of the custodial parents:

Net Family Income*	Additional CESG %	Contribution	Additional CESG Total
Below \$40,970	20%	\$500	\$100
\$40,970 to \$81,941	10%	\$500	\$50

\* 2010 figures

A beneficiary begins accumulating CESG eligibility from birth or the year in which they became a Canadian resident until the end of the calendar year in which they turn age 15. In order to be eligible for ages 16 and 17, the beneficiary must meet one of the two conditions under the HRSDC's 16/17 rule:

1. A minimum of \$100 in annual contributions must have been made in any four years (and not withdrawn) before the end of the calendar year the beneficiary turns 15.
2. A minimum of \$2,000 in contributions must have been made (and not withdrawn) before the end of the calendar year the beneficiary turns 15.

If the 16/17 rule is passed, the beneficiary will be CESG eligible until the end of the calendar year in which they turn 17.

## Limits:

Annual: A maximum of \$50 or \$100 per beneficiary depending upon net family income.

Lifetime: \$7,200 maximum per beneficiary. This also includes any Basic CESG received.

## How to apply:

- Opening a RESP plan with a recognized RESP promoter such as Mackenzie
- A completed HRSDC grant application for each beneficiary (Note: Within a Family RESP, all beneficiaries must be siblings to apply for this grant)