



Diploma

PRODUCT SUMMARY

Grant Details



Summary

Diploma

Plan purpose: to save for a beneficiary's postsecondary education.

Plan type

Individual

How the plan works

- The Diploma registered education savings plan (Diploma RESP) is based on the subscriber's commitment to make monthly pre-authorized debit (PAD) contributions until December 31st of the year in which the designated beneficiary turns 17.
- The subscriber (the person who contributes to the RESP) designates a beneficiary to use the investment income generated by the plan, the education savings grants and the education bonus.
- The income grows in a tax shelter as long as it remains in the plan.
- It is possible to make contributions to the plan until December 31st of the 31st year after it is established, and the plan may remain in force until December 31st of the 35th year after it is established.
- To be eligible for the plan, the beneficiary must have a social insurance number and be a Canadian resident.

Beneficiary

Anyone 14 or under at the time the plan is established.

Contributions

- In mandatory PAD payments (min. \$25 per month)
- In lump-sum contributions (min. \$100)
- Cumulative limit of \$50,000 per beneficiary

Contributions paid into the plan belong to the subscriber, but can be given to the beneficiary during his/her post-secondary studies.

Fees

As the contract is based on a commitment by the subscriber, fees are payable in any of the following circumstances:

- Non-payment contributions
- Withdrawal contributions before the end of the commitment period
- Reduction of contribution amount.

The fee amount varies depending on the monthly contribution amount and the time since the issue of the contract. The maximum fee threshold is calculated as follows: $50\% \times \text{monthly contribution amount} \times \text{the number of PADs completed (18)}$.

In the case of non-payment of contributions, a grace period is granted before the fees are applied:

Age of plan	Accepted grace period
47 months and less	3 months
48 months and more	6 months

- If PAD payments are still due at the end of the grace period, surrender fees will apply.
- Either part of or all surrender fees charged may be refunded into the plan if the subscriber catches up on PAD payments after the specified grace period.
- For additional information regarding fees, as well as the method of calculation, refer to the Diploma Product Guide available in the Advisor Centre.

Education bonus

- The education bonus is equal to up to 15% of the total PAD contributions made and varies according to the beneficiary's age upon issue. It also takes into account lump-sum deposits paid to the plan according to the beneficiary's age when each deposit is made.
- The bonus is paid into the plan at the end of the PAD contribution commitment. If any PAD is missed without being made up for or refunded, the client will not receive the education bonus.
- The bonus is considered to be investment income and forms part of the educational assistance payments (EAPs).
- If no EAP is paid to the beneficiary by the plan maturity date, the education bonus is cancelled.



Investment

The allocation of assets contained in the Diploma RESP relies on a combination of the Diploma Elementary Fund and the Diploma Secondary Fund.

The allocation between these two funds is established based on the beneficiary's age.

Annual rebalancing from age 13 to 17

	0 – 12 years	17 years
Equities	60%	15%
Bonds	40%	50%
Money market	0%	35%

The Diploma RESP includes a guarantee at maturity and at death.

Taxation

- Contributions are not tax deductible and may be withdrawn tax-free.
- The accumulated income, federal and provincial grants and the education bonus are not taxable until they are withdrawn from the plan. Upon withdrawal, these amounts are considered as income for the plan beneficiary, who will receive a tax slip.

Educational assistance payments

- Educational assistance payments (EAPs) are payments to the beneficiary that are composed of accumulated income, grants and the education bonus.
- A maximum of \$8,000 in EAPs can be made during the first 13 weeks full-time studies (\$4,000 if studying part-time).
- If the designated beneficiary does not pursue a post-secondary education, another beneficiary may be designated or the accumulated income may be transferred to the RRSP of the subscriber or the subscriber's spouse, up to a maximum of \$50,000 and under certain conditions.

RESP loan

- An RESP loan is an easy, effective way to increase RESP contributions and receive all government grants you are entitled to.
- You can refer to the RESP loan product summary (F13-963A) for the full details.
- Also use the RESP illustration tool to simulate scenarios to show your clients the added value of an RESP loan.

Overview

Government grants

To encourage parents to save for their children's education, the federal government and some provincial governments offer generous grants to supplement the money parents invest in this savings vehicle. Like the money invested by parents, these grants earn returns over the years in a tax-sheltered environment. This is a major advantage that greatly increases the savings available when a child begins his or her postsecondary studies.

Grants offered by the federal government

Basic grant

Basic Canada Education Savings Grant (CESG)

Description:

- The grant paid corresponds to 20% of annual contributions.
- The amount of accumulated grant room decreases with each grant amount paid into the RESP.
- The annual grant amount paid can go up to the amount of accumulated grant room, without exceeding \$1,000.
- Lifetime maximum grant per child (combined with additional CESG): \$7,200.

Eligibility criteria:

Generally speaking, the grant is available to all Canadian children regardless of net family income.

Additional grants

Additional CESG

Description:

The grant paid corresponds to 10% or 20% of annual contributions.

Eligibility criteria¹:

- If net family income is below \$53,359, the additional grant is 20% (up to \$100 per year).
- If net family income is between \$53,359 and \$106,717, the additional grant is 10% (up to \$50).

Canada Learning Bond (CLB)

Description:

- \$500 the first year.
- \$100 per year for subsequent years, until the child's 15th birthday.
- Lifetime maximum per child: \$2,000.

Eligibility criteria²:

- Grant given whether or not contributions are made to an RESP in the child's name.
- Net family income varies based on the number of children in the family.

¹ 2023 income levels, indexed annually.

² For July 1, 2020 to June 30, 2022, income levels; indexed annually.

Good to know:
All government grants apply
to the RESP products offered
by iA Financial Group.

Grants offered by provincial governments

Some provincial governments also offer grants to encourage families to save for their children's postsecondary education. These grants are added to federal grants, which makes for sizable assistance in maximizing RESP savings.

British Columbia

British Columbia Training and Education Savings Grant (BCTESG)

Description:

One-time grant of \$1,200 given whether or not contributions are made to an RESP in the child's name.

Eligibility criteria:

- Application must be submitted between the child's 6th and 9th birthdays.

Quebec

Basic Quebec Education Savings Incentive (QESI)

Description:

- The grant paid corresponds to 10% of annual contributions.
- As of 2007, the child accumulates \$250 in grant room every year on January 1st.
- The amount of accumulated grant room decreases with each grant amount paid into the RESP.
- The annual grant amount paid can go up to the amount of accumulated grant room, without exceeding \$500.
- Lifetime maximum per child (combined with additional QESI): \$3,600.

Eligibility criteria:

Generally speaking, the grant is available to all Quebec children regardless of net family income.

Additional QESI

Description:

The grant paid corresponds to 5% or 10% of annual contributions.

Eligibility criteria³:

- If net family income is below \$49,275, the additional grant is 10% (up to \$50 per year).
- If net family income is between \$49,275 and \$98,540, the additional grant is 5% (up to \$25 per year).

³ 2023 income levels, indexed annually by Revenu Québec.

For more information on the Diploma RESP, consult the electronic version of the Diploma Product Guide, available on the RESP product page in the Advisor Centre.



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