By the end you will be able to...

- Explain what an RESP is and who takes part (subscriber, beneficiary and promoter).
- Know who can open one, how much can be contributed and how the government grants work.
- Avoid the mistakes that cost money (losing grants, over-contributing, closing the plan unprepared).
- Choose your next step with your own calculator.

1 What is an RESP?

The **RESP** (Registered Education Savings Plan; **REEE** in French and in Quebec) is, according to ESDC, a special savings account to pay for a child's education after high school: trades, CEGEP, college, university or apprenticeships.[1] Technically it is a registered contract between the person who contributes and an institution that administers the plan.[5]

THE THREE ROLES

Subscriber: the person who opens the RESP with a promoter and can make contributions. **Beneficiary:** the person (usually a child) who will receive the money for school. **Promoter:** the financial institution where you open the plan; it administers contributions and releases the funds for eligible education costs.[1]

- **Covers education after high school:** full-time or part-time.[1]
- **You contribute with after-tax money:** what you deposit is not deducted from your income.[5]
- **The government can add money:** the CESG, the Canada Learning Bond and, in some cases, help from British Columbia and Quebec.[1]

2 Who can open one, and how?

ESDC puts it this way: **any adult** can open an RESP to save for someone's education. The subscriber can be a parent, grandparent, another relative or a friend.[2]

- The beneficiary and the subscriber each need a **Social Insurance Number (SIN)**.[2]
- For plans that are not family plans, there are generally no restrictions on the original subscriber; **joint subscribers** can be spouses or common-law partners, or two separated or divorced parents.[5]
- The beneficiary must be a Canadian resident when designated.[5]

Plan type	How it works
Individual plan	One beneficiary. It is an option if you have only one child or if you are not related to the child you are saving for.[2]
Family plan	The only type of RESP that allows more than one beneficiary. It is an option if you have or plan to have more than one child. Each beneficiary must be connected by blood or adoption to each living subscriber, and must be under **21** when named.[2][5]

1 Choose where to open it

An RESP can be opened at a bank, an investment firm or a credit union.[2]

2 Get the SINs

The beneficiary's, and yours if you do not already have one.[2]

3 Apply for the benefits together with the plan

When you open it, your promoter helps you apply for the Canada Learning Bond and the CESG at the same time.[2]

3 How much can I contribute?

The RESP has **no annual contribution limit** since 2007. What exists is a **lifetime limit of $50,000 per beneficiary**, counting all the RESPs in which that person is a beneficiary. CESG payments and provincial program payments do not count toward that limit.[5]

Rule	Figure
Annual limit	None (since 2007)
Lifetime limit per beneficiary	**$50,000**
Time to contribute	Up to 31 years from the day the plan was opened
Time to use the money	Up to 35 years

WHAT ABOUT THE TIME LIMIT?

You can contribute every year for up to 31 years from opening; after that no contributions are accepted, except transfers from another RESP. The plan must be completed by the end of the year that includes its 35th anniversary. Only in a "specified plan" (a single beneficiary who qualifies for the disability tax credit) are the deadlines longer, up to 40 years to complete it.[7] [5]

No annual cap does not mean you should contribute without a plan: what should drive how much you contribute each year is how much **CESG** you can receive (next lesson).

4 Government help: the CESG and the Canada Learning Bond

CESG (Canada Education Savings Grant). The government adds **20%** of the first **$2,500** you contribute in the year, which is up to **$500 a year** per beneficiary, regardless of family income.[3][4] You need to make contributions to receive it.[2]

Adjusted family net income (2026)	Additional CESG on the first $500	Maximum yearly CESG
Less than $58,523	20% = $100	$600
Between $58,523 and $117,045	10% = $50	$550
More than $117,045	Not eligible	$500

- **Lifetime maximum:** $7,200 of CESG per beneficiary.[3]
- **Until when:** it is paid until the end of the calendar year the child turns 17.[3]
- **Carry-forward room:** if you did not use it all in earlier years, unused CESG accumulates (up to $500 a year for each resident child under 18) and you can receive up to **$1,000 of CESG in one year** by contributing more than $2,500 that year.[3][4]
- **At 16 and 17:** it is paid only if, before the end of the year the child turned 15, at least $2,000 had been contributed (and not withdrawn), or at least $100 a year in four earlier years.[3]

Canada Learning Bond (CLB). Help for low-income families: **$500** in the first year of eligibility and **$100** for each additional year up to and including age 15, for a maximum of **$2,000** per child. It applies to children born on or after January 1, 2004. **You do not have to contribute** to receive it.[3][2] A primary caregiver can request it until the day before the child turns 18.[3]

CHANGE ANNOUNCED BY ESDC

According to ESDC, starting in April 2028 the government will automatically open an RESP for children born in 2024 or later who have a SIN, are not named beneficiaries of an RESP by age 4 and whose family meets the income threshold, so they can receive the CLB.[8]

Provincial help. In British Columbia, the BCTESG gives $1,200 to eligible children aged 6 to 8, if the parent and the child live in that province and the child is a beneficiary of an RESP. In Quebec, the QESI has a lifetime maximum of $3,600 for eligible beneficiaries. Your plan's promoter can tell you whether it offers these and how to apply.[3][5]

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5 What can I hold inside?

Promoters can invest RESP funds in mutual funds, stocks, GICs and other options such as term deposits or savings accounts, with different risks and returns.[2] Qualified investments are generally similar to those of an RRSP: cash, GICs, Canada and provincial savings bonds, mutual funds and most listed securities. Real property is excluded.[5]

WATCH OUT FOR NON-PERMITTED INVESTMENTS

If the plan holds a non-qualified or prohibited investment, a special tax of **50%** of its fair market value applies. For prohibited investments, a **100%** tax on the income and gains they generate is added.[5] Before buying anything unusual, confirm with the promoter that it is eligible.

6 Benefits

- **Tax-deferred growth:** the money earns interest tax-free while it is in the RESP; the income is taxed only when paid out as educational assistance.[7][5]
- **The government contributes:** the CESG (up to $7,200 per child) and the Canada Learning Bond (up to $2,000) can add to your contributions.[1]
- **Payments for school are taxed to the student:** educational assistance payments (EAPs) are included in the beneficiary's income, not the subscriber's.[6]
- **Your contributions come back tax-free:** the promoter can return your contributions to you tax-free.[5][6]
- **Flexibility:** if the beneficiary does not study, you can keep the plan open, change the beneficiary, transfer the money to other registered plans or close it.[6]

7 Limits and common mistakes

Limit	What it means
Not deductible	Contributions do not reduce your taxable income.[5]
If the beneficiary does not study	If they do not pursue post-secondary education, the CESG is returned to the government. The Canada Learning Bond can only be used for education, so unused amounts are returned too. Your contributions are returned to you tax-free.[4][7]
Accumulated income (AIP)	Interest and earnings not used for education can be paid to the subscriber as an **AIP**. It is taxed at your regular income tax rate **plus an additional 20%** (12% if you live in Quebec).[6][5]
AIP conditions	It is paid only to a subscriber who is a Canadian resident and, in general, after the year that includes the plan's 9th anniversary with all beneficiaries 21 or older and not eligible for EAPs, in the year of the 35th anniversary, or if all beneficiaries have died. The plan must be terminated by the end of February of the year after the first AIP.[5]
Reducing the tax on an AIP	You can reduce the AIP subject to tax by contributing to your RRSP (or your spouse's) in the year you receive it or in the first 60 days of the next year, up to a lifetime maximum of $50,000. The RRSP contribution must be deductible, which means you need contribution room.[5][7]

Limit	What it means
Over-contributing	If contributions for a beneficiary exceed $50,000, each subscriber pays **1% per month** on their share of the excess while it stays in the plan. Withdrawing the excess reduces the tax, but the amount withdrawn still counts toward the lifetime limit.[5]
Changing the beneficiary	Contributions made for the former beneficiary go to the new one with their original dates and, if the new one already has an RESP, an excess can result. There are exceptions, for example when the new beneficiary is under 21 and has the same parent as the former one.[5][7]
Adding someone who is not a sibling	In a family plan, if you add a beneficiary who is not a sibling and grants have already been paid, you must repay them to the relevant government.[7]
Non-permitted investments	50% tax and, on prohibited ones, 100% on what they generate (see above).[5]

8 Withdrawals (EAPs) and transfers

Educational assistance payments (EAPs). These are payments to the student from the grants and the accumulated earnings. The beneficiary includes them as income in the year received and pays tax according to their situation.[6][5] They are paid while the student is enrolled in an eligible post-secondary program and for up to 6 months after the enrolment ends.[5][6]

Type of studies	EAP limit
Full-time (a program of at least 3 consecutive weeks and 10 hours a week)	$8,000 during the first 13 consecutive weeks; afterwards no set limit while the student remains eligible
Part-time (at least 12 hours a month of courses)	$4,000 for every 13-week period of enrolment

The $8,000 cap applies again if the student goes 12 months without re-enrolling. ESDC can approve higher amounts case by case, and the promoter can top up EAPs with contribution refunds, which are tax-free.[6][5] The promoter checks that the school is eligible and will ask for official proof of enrolment.[6]

Withdrawing your contributions. Your contributions can be returned to the subscriber tax-free, and they are not reported as income.[6][5]

Transfers. Most transfers from one RESP to another have no tax implications, although fees may apply.[7] But be careful: because contribution history follows the beneficiary, other transfers can create excess contributions, and a transfer to an RESP whose sibling beneficiary is over 20 can require repaying the CESG and the CLB.[5]

Closing the plan. When it is closed, the grants are returned to the Government of Canada and your contributions are returned to you tax-free. The earnings can be paid to the subscriber (with the AIP tax) or transferred to an RRSP, up to $50,000, under the conditions described.[7][5]

9 Three examples

Sofía opens the RESP when her daughter is born

She contributes $2,500 a year (about $208 a month). Each year she receives 20% in CESG: **$500**. After 14 years she has received $7,000 in CESG and in year 15 she receives only the **$200** still needed to reach the $7,200 maximum. Over those 15 years she contributed $37,500, below the $50,000 limit.[3]

Marco and Ana catch up

Last year they contributed nothing to their son's account, so they have $500 of unused CESG plus this year's $500. If they contribute **$5,000** this year, they receive 20% = **$1,000** in CESG (the yearly maximum with carry-forward room). With $2,500 they would have received only $500.[3][4]

A $3,000 excess

A beneficiary already had $48,000 contributed in total. The grandparents add $5,000: the total is $53,000 and the excess is **$3,000**. While that excess stays in the plan, 1% a month is charged: **$30 a month**. If they withdraw it, the tax goes down, but the amount withdrawn still counts toward the lifetime limit.[5]

The essentials in 5 ideas

> An RESP is a registered plan for education after high school, with a subscriber, a beneficiary and a promoter.

> There is no annual contribution limit; the lifetime limit is $50,000 per beneficiary.

> The CESG pays 20% of the first $2,500 a year (maximum $7,200 for life); the Canada Learning Bond can add up to $2,000 without contributing.

> If the beneficiary does not study, the CESG is returned; accumulated income (AIP) is taxed plus 20%.

> EAPs are taxed to the student; your contributions come back tax-free.

Official sources

Links open in a new tab. Content reviewed on November 3, 2026. CRA and ESDC pages are in English and French.

1. **ESDC: How the RESP and related benefits work together**
   www.canada.ca/en/services/benefits/education/education-savings/plan.html
2. **ESDC: Open an RESP and apply for benefits**
   www.canada.ca/en/services/benefits/education/education-savings/opening-plan.html
3. **ESDC: How much money benefits could add to the RESP**
   www.canada.ca/en/services/benefits/education/education-savings/estimating-amounts.html
4. **CRA: Canada Education Savings Grant (CESG)**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-education-savings-plans-resps/canada-education-savings-programs-cesp/canada-education-savings-grant-cesg.html
5. **CRA: Guide RC4092, Registered Education Savings Plans**
   www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4092/registered-education-savings-plans-resps.html
6. **ESDC: Pay for education using the RESP**
   www.canada.ca/en/services/benefits/education/education-savings/paying-education.html

7. **ESDC: Managing the RESP, taxes and transfers**
   www.canada.ca/en/services/benefits/education/education-savings/managing-plan.html
8. **ESDC: Canada Learning Bond**
   www.canada.ca/en/services/benefits/education/education-savings/canada-learning-bond.html

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