GETTING GOOD ADVICE™

Working with your advisor to save for education

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Inside

Making the dream of higher education possible

Whether you're a parent, grandparent, relative or close family friend, you want to see the young people in your life succeed. And what better way to provide them with a brighter future than through access to post-secondary education?

Alternatively, you may have set your sights on a post-secondary education for yourself. Recognizing the advantages that post-secondary education can bring, many adults are also considering returning to school.

It's no secret that the costs of post-secondary education are rising. Being able to enjoy its many benefits can often come down to affordability. By planning ahead, you can make the dream of higher education possible.

Benefit from your advisor's guidance

As with all financial goals, the best way to save for higher education is by working with your financial advisor. Your advisor can help you quantify your education-savings needs and sort through the various options to develop a plan that balances your education-savings goals with your other financial priorities.

This guide can help you fully benefit from your advisor's knowledge and expertise as you save for education. You'll find the tools and checklists useful for gathering information, raising questions and identifying issues that may influence your plan.

Why get started now?

Putting off saving for education will always be tempting. After all, the time when money will be needed can seem like a long way off, and there's always something else to spend the money on. But if you want to make saving for education more affordable, the best way is to start saving right away.

Lower overall costs

The sooner you start setting money aside, the less you will have to save in total. That's because your money will have more time to benefit from compound growth. For example, if you want to accumulate $50,000 by the time your newborn turns 18, starting right away means setting aside $129 per month, assuming a 6% after-tax return. But wait until he or she heads off to Grade 1 and you'd have to put away $211 each month to achieve the same goal.

Assessing your education-savings needs

How much will post-secondary education cost you? The answer to this question will depend on many factors. To come up with a reasonable assessment, look to your advisor for help.

Whether you're saving for your own children, or those of a relative or friend, or are planning to go back to school yourself, count on your advisor's financial expertise to help you accurately assess your education-savings needs. With this information you can decide what is a reasonable goal given your situation, and then plan accordingly.

Examine your expectations

Your costs will depend on the number of children involved and their ages, whether they will be able to live at home while going to school, the length of time of the program and the institution attended. Through this process you may discover that studying abroad is beyond your means but attending a local school is easily affordable.

Similarly, you may have other sources of financial support, such as inheritances or contributions from relatives, friends or even your employer, that can help make your post-secondary education goals achievable. In addition, there may be potential for scholarships, bursaries and other forms of financial aid.

Investing in education pays off

How valuable is a post-secondary education? According to Statistics Canada, it's an excellent investment that can translate into stronger employment earnings. The average annual income for Canadians holding a university degree far exceeds that of those with a lesser education.

Higher education translates into higher earnings

LEVEL OF EDUCATION	AVERAGE ANNUAL INCOME
High school diploma	$46,000
College degree	$54,000
University degree	$80,500

Source: Statistics Canada, National Household Survey 2011.

Sharing information with your advisor

Tool one: Tallying up the costs can help you assess your current expectations for post-secondary education and your potential savings needs. By sharing this information with your advisor and discussing your options, you can decide what is realistic and determine a reasonable estimate of your projected education costs.

Keep in mind that the total you come up with is only an estimate and should be refined with your advisor's assistance as your education-savings needs become more clearly defined.

TOOL ONE

Tallying up the costs

To best estimate the potential costs, you'll need an accurate picture of your education goals. Review the following questions and answer the ones that apply to your situation.

Considerations for parents, grandparents, other relatives and family friends

How many children will you be saving for?	Could the children live at home while they attend school? ☐ yes ☐ no	Do you expect the children to contribute financially to their education? ☐ yes ☐ no
When will they graduate from high school?	Would you like the children to have the option of going away to school? ☐ yes ☐ no	Can post-secondary education costs be covered out of your cash flow by the time the children attend university or college? ☐ yes ☐ no
Do any of the children have special needs to consider? ☐ yes ☐ no If yes, what are they?	Do you expect the children to work during the summer? ☐ yes ☐ no	Who else are you expecting to contribute to education savings? ☐ parents ☐ grandparents ☐ other relatives ☐ family friends
	Do you expect the children to work during the school year? ☐ yes ☐ no	Does your employer provide any assistance for education savings? ☐ yes ☐ no

When the children are teenagers

What type of post-secondary studies do you expect the teenager(s) to pursue?	Do you have a teenager who will be interested in professional programs (e.g., engineering, medicine, law) or graduate studies? ☐ yes ☐ no
	Are scholarships likely? ☐ yes ☐ no

Considerations for adults wishing to return to school

When do you expect to begin post-secondary studies?	Will you attend school full-time or part-time? ☐ full-time ☐ part-time	Will you be eligible for any awards, bursaries or financial assistance? ☐ yes ☐ no
What program of study do you intend to pursue?	If you work while in school, what do you anticipate in annual earnings (pre-tax)? $	Does your employer offer any financial assistance? ☐ yes ☐ no If yes, how much can you expect to receive? $
Will you have to relocate to attend school? ☐ yes ☐ no	Do you have assets such as RRSPs or home equity to help cover the costs? ☐ yes ☐ no	

Building education savings into your financial plan

Your education-savings plan should fit within your overall financial plan. Look to your advisor for help with balancing your financial goals and priorities to accommodate saving for education.

While saving for education is a financial priority, it's likely not your only priority. Whether you are saving for a child's education or planning a return to school yourself, you are going to have other financial concerns and goals in addition to saving for education.

Your advisor is already familiar with your financial goals and resources. For that reason, your advisor is well suited to help you find a way to incorporate education savings into your financial plan.

Your first step is to evaluate your current financial circumstances and future goals to see how saving for education can fit into your overall financial plan. *Tool two: Making room for education savings* can help you with the process and prepare you for a thoughtful discussion with your advisor.

Financial priority planner

Check the financial priorities that apply to you; then rank them in order of importance from most to least important. With this information, your advisor can help devise the appropriate strategies to help you balance your priorities while making progress toward your goals.

- ☐ Paying off debts . . . . ________
- ☐ Purchasing a home . . . . ________
- ☐ Saving for a child's education . . . . ________
- ☐ Acquiring a vacation property or other significant asset . . . ________
- ☐ Providing financial security for dependants . . . . ________
- ☐ Providing care for a dependent relative . . . . ________
- ☐ Ensuring you have enough money for retirement . . . . ________
- ☐ Preserving your assets . . . . ________
- ☐ Reducing current income taxes . . . . ________
- ☐ Maximizing RRSP contributions . . . . ________
- ☐ Creating an estate plan . . . . ________
- ☐ Other . . . . ________

You may find that you need to adopt new strategies or make some trade-offs, either advancing or delaying some of your plans. Whatever course of action is required, your advisor can show you how saving for education can affect your progress toward other financial goals and suggest ways to make up any difference.

Keep in mind that just like your overall financial plan, your plan for education savings will need to evolve to keep pace with changes to your circumstances and other goals.

TOOL TWO

Making room for education savings

How can education savings be accommodated within your financial plan? This tool can help you work with your advisor to answer that question. Find the section that best reflects your situation. Take note of any issues that concern you and the action you can take to resolve them.

In addition, complete the *Financial priority planner* on page 4 to identify your current financial priorities. Share this information with your advisor so that he or she can help you develop the best possible approach given your circumstances and goals.

ISSUES THAT MAY CONCERN YOU	ACTION YOU CAN TAKE
Parents with young children	
Finding the savings to set aside for education savings	Review your monthly budget to uncover the potential funds to establish a regular savings plan, and identify opportunities for making lump-sum contributions.
Balancing current financial priorities	Use the *Financial priority planner* on page 4 to gauge the importance of your other financial priorities. Then evaluate strategies to accommodate your financial priorities, including saving for education.
Making sure your family is financially secure	Assess your life insurance and disability coverage to make sure it is sufficient, if needed to cover post-secondary education goals.
Choosing the best option to accumulate the necessary funds	Review the various education-savings options (page 8) to develop an appropriate investment strategy based on your family's needs.
What if the child doesn't pursue post-secondary education?	Determine your intentions for the money if the child decides not to pursue post-secondary education, and select education-savings options that can accommodate your wishes.
Parents whose children are within a few years of graduating from high school	
Fine-tuning your education-savings needs	Put together a more accurate picture of how much money you will need and when you will need it so that you can adjust your investment strategy accordingly.
What if the child doesn't pursue post-secondary education?	Review the options available to you and plan a course of action that fits with your overall financial goals.
Determining the best way to make post-secondary education payments	Assess your accumulated savings, current cash-flow needs and debt load to devise a reasonable plan for paying for post-secondary education costs.

Tool two: Making room for education savings, *continued*

ISSUES THAT MAY CONCERN YOU	ACTION YOU CAN TAKE
Grandparents, other relatives and family friends	
Finding the best way to assist children with post-secondary education costs	Take into account your cash-flow needs, tax situation and estate-planning concerns to develop a strategy that will meet your needs.
Balancing your financial priorities	Use the *Financial priority planner* on page 4 to gauge the importance of your other financial priorities. Then evaluate strategies to accommodate your financial priorities, including saving for education.
What if the child doesn't pursue post-secondary education?	Determine your intentions for the money if the child decides not to pursue post-secondary education, and select education-savings options that can accommodate your wishes.
What if other family members or friends wish to help?	Based on the intentions of others, develop a coordinated strategy that maximizes the amount accumulated.
Adults returning to school	
Choosing the best option to pay for post-secondary education	Review your options to determine the best approach based on your future financial goals and current financial situation.
How returning to school will affect your financial plan	Determine the impact several years of full-time study will have on your overall financial plan and key financial goals, such as purchasing a home and saving for retirement.
Evaluating the financial impact of leaving your job or reducing your work hours	Assess the financial impact, including the loss of benefits such as insurance, health and dental coverage and pension contributions.
Balancing your financial priorities	Use the *Financial priority planner* on page 4 to gauge the importance of your other financial priorities. Then evaluate strategies to accommodate your financial priorities, including saving for education.

Questions and notes

Considering your options

There are plenty of ways to save for education. Count on your advisor to help you find the ones that make the most sense for your situation.

Today, education-savings options range from a simple savings account to the more complex formal trust account. Somewhere in the middle lie Registered Education Savings Plans (RESPs) and "informal" trust accounts. All of the options offer specific advantages and have certain limitations, so it's important to review them carefully with your advisor. Depending on your situation, you may need to use more than one type of plan to achieve your education-savings goals.

Prepare for an informed discussion

Tool three: Your education-savings options offers a summary of the main advantages and potential limitations of the various options. It also indicates which individuals each option is suitable for, as well as any special considerations.

Be sure to review these options and make a list of questions to ask your advisor. By preparing in advance, you'll be ready to have an informed discussion regarding potential options and their suitability to your specific education-savings needs.

Your education savings options

The following tool contains a summary of the various types of accounts that can be used for education savings, as well as grants that may be available to help you maximize your education savings.

Account types

- Registered Education Savings Plan (RESP)
- Non-registered investment account
- Informal "in trust" account
- Formal trust account

Government grants

- Canadian Education Savings Grant (CESG)
- Canada Learning Bond (CLB)
- British Columbia Training and Education Savings Grant (BCTESG)
- Quebec Education Savings Incentive (QESI)

TOOL THREE

Your education-savings options

Registered Education Savings Plan (RESP) and Canadian Education Savings Grant (CESG)

What it is	■ A plan designed to accumulate money to finance post-secondary education. ■ Investment earnings accrue on a tax-deferred basis.
Who can use it	■ Parents, grandparents and other relatives. ■ Family friends. ■ Adults planning to return to school.
Main advantages	■ Money invested grows tax-deferred. ■ When money is used to pay for education costs, the investment growth and grant amounts that are part of the withdrawal are taxed as income to the student. ■ Contributions to an RESP can earn Canada Education Savings Grant (CESG) money. The grant can be 20%, 30% or 40% on the first $500 contributed (the amount is dependent on the family income) and 20% on the remaining $2,000 contributed per child per year. ■ Generous contribution limits: up to a lifetime maximum of $50,000 per beneficiary. ■ There is a wide range of investment options. ■ Family plans allow accumulated earnings to be shared among more than one beneficiary.
Potential limitations	■ The growth on contributions and grants must be used for post-secondary education. If the child does not pursue post-secondary education, all CESG money must be returned to the government. However, subscribers can withdraw contributions tax-free, and if the plan meets certain requirements, investment earnings can be rolled into the subscriber's RRSP (if contribution room is available) or withdrawn in cash. When investment earnings are withdrawn in cash, there is a 20% tax penalty in addition to regular income taxes. ■ There are restrictions on CESG eligibility for beneficiaries 16 years and older. ■ If total contributions made on behalf of a beneficiary exceed $50,000, subscribers may be assessed a 1% penalty tax per month on his or her share of the excess contribution.
Special considerations	■ To qualify for CESG money, plan beneficiaries must have a valid Social Insurance Number and be residents of Canada. ■ Pooled trust plans (also known as "scholarship trusts") are specialized RESPs that offer many of the advantages of RESPs but have many more restrictions on the use of funds. In addition, the amount of money available to your child is highly dependent on the number of other students in the pool. If you decide to stop contributing to the plan, income earned on your money remains in the pool.

Lifelong Learning Plan (LLP)

What it is	■ A program that allows individuals to borrow funds from their RRSP to finance their education.
Who can use it	■ An individual, or his or her spouse/common law partner, with RRSP savings.
Main advantages	■ Funds withdrawn from an RRSP as part of the LLP are not included in the participant's income, and the RRSP issuer will not withhold taxes. ■ Generous repayment schedule: participants have up to ten years to repay funds withdrawn from their RRSP.
Potential limitations	■ Funds withdrawn can only be used to finance full-time education for the LLP participant or his or her spouse/common law partner, not their children. Funds can be used to finance part-time education if the student meets disability conditions. ■ Withdrawal restrictions: Withdrawals are limited to $10,000 per calendar year and $20,000 in total over a four-year period. Withdrawals exceeding the limits are included in the individual's income. ■ Opportunity cost: Borrowing from an RRSP reduces the compounding growth benefits, and may result in lower savings at retirement.
Special considerations	■ Some RRSPs, for example locked-in RRSPs, do not allow for withdrawals. ■ To withdraw funds from an RRSP under the LLP, the RRSP owner must be a Canadian resident.

Non-registered investment account

What it is	■ A taxable investment account that can be used for general and education savings.
Who can use it	■ Parents, grandparents and other relatives. ■ Family friends.
Main advantages	■ Money accumulated may be used for any purpose, including education. ■ You retain control of the money. ■ There is no contribution limit. ■ There is no deadline as to when the funds must be used. ■ Any security can be held in the account.
Potential limitations	■ Investment earnings are fully taxable, restricting the growth of your money.
Special considerations	■ By choosing to invest mainly in equity investments, you can minimize taxes by earning dividend income and capital gains.

Tool three: Your education-savings options, *continued*

Informal "in trust" account

What it is	■ An account set up "in trust" for a minor that can be used for post-secondary education.
Who can use it	■ Parents, grandparents and other relatives. ■ Family friends.
Main advantages	■ Money accumulated may be used for education or other purposes for the benefit of the in-trust beneficiary. ■ The funds are taxed in the hands of the beneficiary when he or she reaches age of majority. ■ No formal trust agreement is required. ■ There is no contribution limit. ■ There is no deadline as to when the funds must be used. ■ Any security can be held in the account.
Potential limitations	■ An informal "in trust" account is irrevocable. ■ Contributions made to an in-trust account are not tax-deductible. Typically, interest and dividend income is taxable in the hands of the contributor, although capital gains are taxable in the hands of the beneficiary. ■ The in-trust beneficiary is entitled to the account at age of majority. ■ Investment earnings are fully taxable, restricting the growth of your money.
Special considerations	■ Anyone can be named as a beneficiary. ■ You can minimize taxes by earning dividend income and capital gains. ■ Social Insurance Numbers will be required for beneficiaries to report capital gains.

Questions and notes

Formal trust account

What it is	■ A trust account set up for a beneficiary(ies) using a formal trust document that specifies how and when funds in the account can be used.
Who can use it	■ Parents, grandparents and other relatives. ■ Family friends. ■ Spouses.
Main advantages	■ The trust document specifies how assets held in the trust must be used. There is no requirement that money be used for education unless dictated by the trust document. ■ Investment income that remains in the trust is taxed within the trust each year. ■ Withdrawal of income from the trust by a beneficiary age 18 or older is taxed in the beneficiary's hands. ■ There is no contribution limit. ■ There are no age restrictions on beneficiaries. ■ Many different types of assets can be held in the trust, such as cash, stocks (including shares of a family business), bonds, mutual funds and real estate.
Potential limitations	■ A lawyer will be required to draft the trust document. ■ Trustee fees may be required to manage the trust. ■ The trust must file a tax return each year. ■ Income-splitting tax (often called "kiddie tax") may apply to dividends and certain capital gains earned within the trust.
Special considerations	■ Anyone can be named as a beneficiary, and there can be more than one beneficiary. ■ Professional legal and tax advice is needed to ensure the benefits of the trust outweigh the associated costs.

Questions and notes

Tool three: Your education-savings options, *continued*

Canada Learning Bond (CLB)

What it is	■ A Government of Canada grant of an initial $500 with an extra $100 grant each year beneficiaries are eligible, until they turn 15. ■ The grant helps modest-income families start saving for their child's education after high school.
Who can use it	■ Children born after December 31, 2003, where the parent or guardian would have previously been entitled to receive the National Child Benefit Supplement as part of the former Canada Child Tax Benefit program.
Main advantages	■ Money invested grows tax-deferred. ■ When money is used to pay for education costs, the investment growth and grant amounts that are part of the withdrawal are taxed as income to the student. ■ Over time, the Canada Learning Bond could add up to $2,000 in grant money (plus growth) for the child's education after high school. ■ There is a wide range of investment options.
Potential limitations	■ To receive the grant, an RESP account must be opened. Some financial institutions charge fees. The first Canada Learning Bond payment includes an additional one-time fee of $25 to help cover the costs of opening the RESP account.
Special considerations	■ A CLB is paid by Employment and Social Development Canada (ESDC) directly into the RESP of a child who is a named beneficiary and whose parent or guardian would have been eligible to receive the National Child Benefit Supplement (NCBS).

Questions and notes

British Columbia Training and Education Savings Grant (BCTESG)

What it is	▪ The British Columbia Training and Education Savings Grant (BCTESG) is a provincial incentive designed to help families save for their children's post-secondary education. ▪ The BCTESG is a $1,200 one-time grant, made payable to eligible children born on or after January 1, 2006. ▪ When the child turns six years old, the subscriber may be able to apply for the grant.
Who can use it	▪ Families with children who were born in 2006 or later and who are residents of B.C. at the time of the application are eligible to apply for the grant. ▪ Children are eligible for the BCTESG on their sixth birthday and up until the day before their ninth birthday.
Main advantages	▪ Families can apply for the $1,200 grant to start planning and saving for the future of their children. ▪ The BCTESG can be combined with other federal incentives, such as the Canada Education Savings Grant and the Canada Learning Bond. ▪ The BCTESG grows tax-free inside an RESP.
Potential limitations	▪ To receive the grant, an RESP account must be opened. Some financial institutions may charge fees. ▪ The child and a parent or guardian must be residents of B.C. at the time of application. ▪ The BCTESG and federal grants must be withdrawn by way of an educational assistance payment toward a qualifying post-secondary education or training program.
Special considerations	▪ Additional information on designated post-secondary educational institutions can found by calling ESDC's Certification Program at 1 866 517-5650 or by visiting *www.canlearn.ca*

Questions and notes

Tool three: Your education-savings options, *continued*

Quebec Education Savings Incentive (QESI)

What it is	■ A program made available for RESP beneficiaries who reside in Quebec. ■ QESI is a refundable tax credit (basic credit) paid directly into the RESPs of eligible beneficiaries. ■ A supplemental credit is available for low-income families that meet certain family income criteria.
Who can use it	■ Every child up to and including age 17 is eligible, provided the child ▶ is a Quebec resident as of December 31 of the taxation year being applied for ▶ has a valid Social Insurance Number (SIN) ▶ is named as a beneficiary to an RESP where the QESI is offered ▶ has a contribution made to an RESP in his or her name ▶ has available grant room
Main advantages	■ Money invested grows tax-deferred. ■ Money withdrawn to pay for education costs is taxed as income to the student. ■ The annual basic QESI grant or credit is calculated as 10% of the first $2,500 contributed per beneficiary per year, up to the following maximums: ▶ $250 grant credit maximum per tax year per beneficiary ▶ $3,600 lifetime maximum per beneficiary ▶ $250 grant carry-forward per year per beneficiary available (subject to maximum annual basic grant of $500) ■ A supplemental QESI grant or credit is available to low-income families and is either ▶ 10% of net contributions up to a maximum of $50 per beneficiary per tax year; or ▶ 5% of net contributions up to a maximum of $25 per beneficiary per tax year. ■ There is a wide range of investment options.
Potential limitations	■ To receive the grant, an RESP account must be opened. Some financial institutions charge fees. ■ Revenu Québec places the same restrictions on 16- and 17-year-olds for the QESI as for the CESG program.
Special considerations	■ Capital withdrawals can be made at any time. When capital is withdrawn from an RESP, the grant associated with that redemption has to be repaid to ESDC. ■ Capital withdrawals and post-secondary education capital withdrawals are not taxable, as both consist of after-tax money. ■ Educational assistance payments and accumulated income payments are taxable.

Questions and notes

Developing your plan of action

With a thorough understanding of your education-savings needs and the options available, you and your advisor can work together to develop a plan of action.

Your advisor can recommend a plan for education savings based on the information you have compiled earlier in this guide. To help your advisor do the best possible job, be sure to

- provide an accurate and complete picture of your current situation and future aspirations
- review any recommendations, address any concerns and ask questions so that you are completely comfortable before your plan is implemented (See *Tool four: Questions to ask* on page 17.)

Always remember to keep your advisor informed of any changes that could influence your plan so that your advisor can recommend appropriate adjustments. With an open and honest dialogue, you can be sure that your advisor can develop the right course of action for your goals.

Planning tip

Many education-savings options will require your child to have a Social Insurance Number (SIN). To open an RESP and to receive the CESG, you will be required to provide your child's SIN. A SIN can be obtained free of charge from Employment and Social Development Canada (ESDC).

Application forms can be downloaded from *www.esdc.gc.ca* or picked up at a Service Canada office. You'll need original documents or photocopies authenticated by a notary public for proof of Canadian citizenship (i.e., birth certificate or Canadian passport) or proof that you are a permanent resident of Canada. Submit completed forms and all documents to your local Service Canada office.

TOOL FOUR

Questions to ask

Your advisor will want you to be comfortable with any recommended strategies.

The following questions can help ensure you fully understand how a strategy or investment will help you achieve your education-savings goals.

For recommended strategies

How will this strategy help me realize my education-savings goals?
What impact will it have on my other financial priorities?
What are the risks associated with this strategy?
What will this strategy cost me now, and when the time comes to use the money?

For recommended investments

Why are you recommending this investment?
How will this investment contribute to my education-savings goals?
What risks are associated with the investment?
What will it cost me now, and in the future?
What is the performance record of this investment?
Will this investment be easy to liquidate when money is needed for education?
Who manages the investment? (Applicable to products such as mutual funds and segregated funds)
Are you receiving fees for the sale of this product? How much will you be compensated?

Managing your education-savings plan

Like all aspects of your financial plan, your education-savings plan will change over time. From initial start-up to final wrap-up, your advisor can be a valuable resource when managing your plan.

A regular review of your education-savings plan will help you assess your results and ensure you are on track to reach your goals. Arrange to review your progress with your advisor at least once a year, probably at the same time you review your overall financial plan.

Keeping your advisor informed

Use the annual review to update your advisor on any changes to your goals or circumstances that will influence your plan. For example, the birth of another child or interest in professional schools could require an increase in annual savings. Alternatively, an unexpected inheritance or change in your employment status may prompt you to scale back your savings.

When your advisor is kept informed, he or she can recommend ways to adapt your plan to meet any new requirements. *Tool five: Annual review discussion checklist* can help you organize your thoughts in advance of the meeting, making for a more productive discussion.

Peace of mind

Future estimates of post-secondary education costs can be intimidating. But by starting to save now, you can relax knowing that you are making steady progress towards your goals.

TOOL FIVE

Annual review discussion checklist

Being prepared ahead of time can help you and your advisor have a productive annual review of your education-savings plan.

In the weeks before your meeting with your advisor, gather the following information, where appropriate

- ☐ Most recent statements of investment accounts for education savings
- ☐ Most recent statements for other investment accounts
- ☐ Most recent bank account statement
- ☐ Updates on the value of your assets, such as real estate, collectibles and other financial assets
- ☐ Updates on your current liabilities, such as outstanding balances on mortgages, lines of credit, loans and credit cards
- ☐ Most recent tax returns for yourself and your children, if they file a return
- ☐ Updates on potential areas of study and scholarship possibilities
- ☐ Education-savings and investment-oriented articles of interest

To help focus on the areas of interest to you, check off the items you wish to discuss

- ☐ Your education-savings plan, including assumptions regarding inflation, future cost of education and investment returns
- ☐ The performance of your investments
- ☐ Changes in your financial circumstances
- ☐ Changes to post-secondary aspirations that may affect your education-savings plan
- ☐ Balancing education savings with other financial priorities
- ☐ Using education savings to pay for post-secondary education expenses
- ☐ Borrowing to invest
- ☐ Portfolio risk-reward analysis
- ☐ Asset allocation
- ☐ Portfolio rebalancing
- ☐ Investing outside of Canada
- ☐ Introducing the student to managing money
- ☐ General financial market and economic conditions

Questions and notes

Using the money in the plan

As the time for post-secondary studies nears, you'll want to keep your advisor informed as you finalize your plans. *Tool six: Developing your payout strategy* will help you gather the necessary information to determine the most effective way to pay for education costs. In addition, it raises a number of important issues for you to consider regarding how money will be managed.

Remember, at all phases of education saving, your advisor is there to help. You'll find your advisor's experience and knowledge invaluable as you plan for this important life goal.

Getting the future student involved

Planning for post-secondary education can be even more rewarding when the future student is involved. And it's never too early to get started. Here are some suggestions:

- Use everyday examples to make the goal of post-secondary education more meaningful. For example, a visit to the doctor can spark a discussion of medical school, nursing diplomas and scientific research, all of which involve post-secondary education.
- Encourage saving for this important goal while teaching some important money-management skills. Help children set goals for how much to set aside from any financial gifts, pocket money or earnings from babysitting and other jobs. As the funds accumulate, introduce them to the concept of investing.
- During high school, consider touring campuses or attending open houses where students' work is on display. Many colleges and universities offer virtual tours through their websites.
- If scholarships are of interest, do your research and start preparing early. Many scholarships look for achievement and involvement throughout high school, not just in the final year.

TOOL SIX

Developing your payout strategy

When it comes time to pay for post-secondary education, you will need to develop a payout strategy that can meet the student's cash-flow needs while continuing to maximize investment returns and minimize taxes. To help your advisor with this process, be sure to provide the following information.

Amount and timing of expected contributions from the various sources

The student (part-time earnings, summer earnings)
$

Scholarships, awards, bursaries and student loans
$

Spouse, grandparents, other relatives, family friends
$

Amount and timing of expected costs

Tuition and instalment due dates
$ dd/mm/yy

Books, computer and supplies budget
$

Entertainment, clothing and miscellaneous budget
$

Expected costs if the student is going away to school

Residence fees and instalment due dates
$ dd/mm/yy

Meal plan costs and due date
$ dd/mm/yy

Room and board if not living in residence and payment schedule
$ dd/mm/yy

Transportation home and number of trips
$

Expected costs if the student will commute to school

Transportation to and from school
$

Notes

Useful resources

There is plenty of information available on planning and saving for post-secondary education. Here are some suggestions:

Planning for education

Canlearn Interactive

- *www.canlearn.ca*

The Debt-Free Grad

- *www.debtfreegrad.com*

Choosing schools

Universities Canada

- *www.univcan.ca*

Association of Community Colleges of Canada

- *www.accc.ca*

Schoolfinder

- *www.schoolfinder.com*

Scholarships, bursaries and other financial resources

Studentawards.com

- *www.studentawards.com*

Scholarships Canada

- *www.scholarshipscanada.com*

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