



# Hummingbird Aboriginal Student Futures



Lawyer



Doctor



Lands Manager

# Parent's Handbook

**If you have any questions, or want more help please contact:**

Project Manager

Vanessa Mountain, Hummingbird Aboriginal Student Futures

708- 100 Park Royal South,

West Vancouver BC V7T 1A2

(O) 604 913-9128

(F) 604 913-9129

Email: [info@hummingbirdasf.ca](mailto:info@hummingbirdasf.ca)

Web: [www.hummingbirdasf.ca](http://www.hummingbirdasf.ca) or

Facebook: <http://www.facebook.com/hummingbirdasf>

**To get proper ID see websites below**

Service Canada: [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)

SIN Card Application: [http://www.servicecanada.gc.ca/eforms/forms/nas-2120-\(01-12\)e.pdf](http://www.servicecanada.gc.ca/eforms/forms/nas-2120-(01-12)e.pdf)

Birth Certificate Application: <http://www.vitalcertificates.ca/wp/wp-content/uploads/BCBirthCertificateApp.pdf>

**Other useful links:**

Government money: [www.canlearn.ca](http://www.canlearn.ca)

National Child Supplement Benefit: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca)

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## Why do you want your kids to go to school after grade 12?

### Approximate pay and education level

Less than High School	High School	Trades/ College	University
\$10/hr	\$15/hr	\$32/hr	\$35/hr

Approximately 2/3 of all job openings now require some type of post-secondary credential

People who get more education after high school usually get higher paying jobs and are more likely to meet their needs and wants.

By 2019, according to Statistics Canada, a four year university degree (including books and expenses) will cost about \$74,000 and a three year college diploma will be approximately \$45,000.

If your kids are 15 years or younger, you could get free money and/or matching money from the government

How do I get Government money for my kids' education after high school?

# Open a Registered Education Savings Plan

We will show you how.

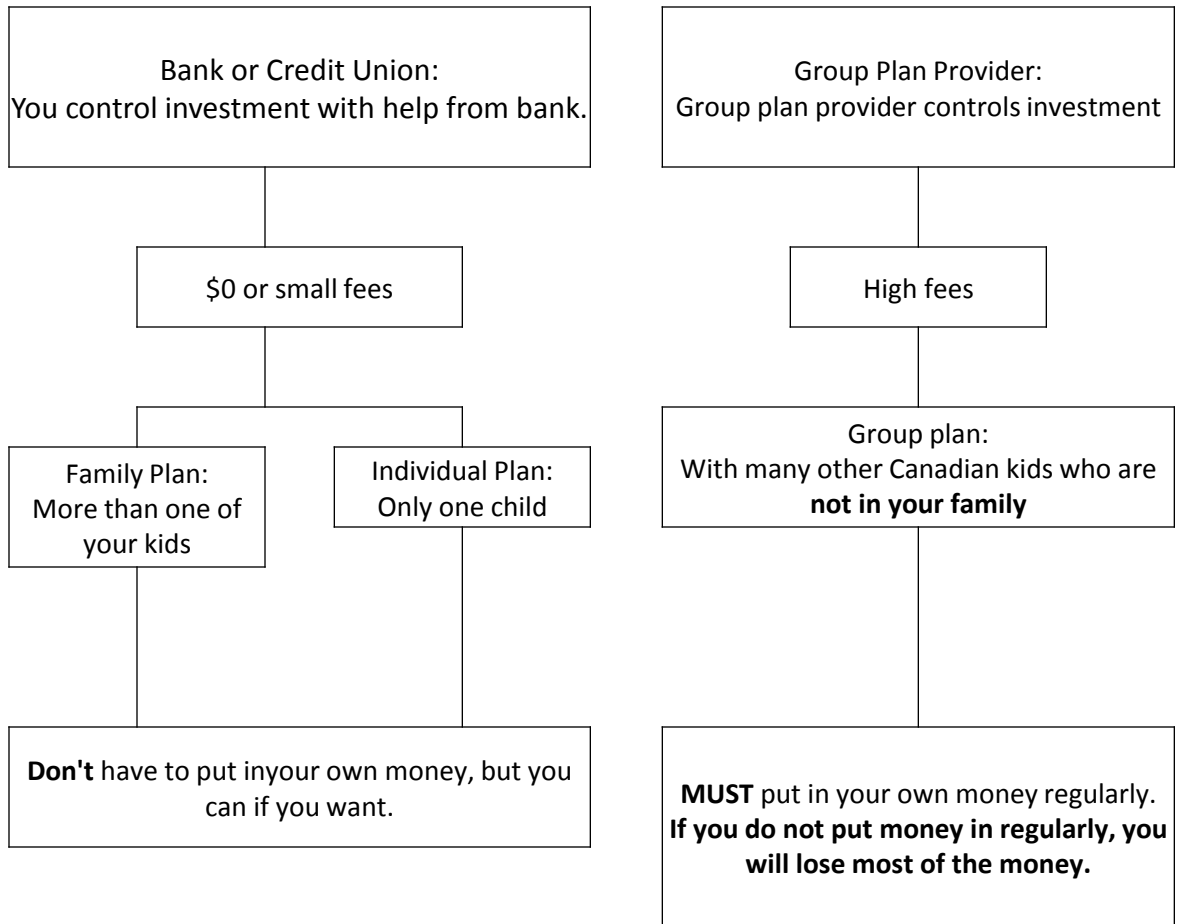


# Registered Education Savings Plan (RESP)

- A Special long term savings account for your kids' education after high school.
- Money stays in RESP until your child leaves high school and goes to Post Secondary education.
- You could receive higher earnings on money in an RESP than money in a regular bank account.
- You can open an RESP at a bank or credit union.
- At some banks or credit unions, you do not have to put your own money into an RESP, but you can if you want to.



# Types of RESP



If you are living on a low income, RESP's with a bank or credit union are the best choice.

Then you do not have to save money regularly, but you can if you like.

# “ Free” Money the Government will put in your RESP

You **DON'T** have to save any of your own money to get this grant. The bank will apply for the government money on your behalf.

Name of Government money	What is it?	Advantages
Canada Learning Bond	\$500 to start \$100 each year until your child is 15yrs of age	Your Child is born in 2004 or later and you receive the National Child Benefit Supplement (NCBS)

- Think of your family. What money would you be able to get?

**Did you know?**  
**You could get \$2,000 just by opening the RESP**





# “Matched Grant”

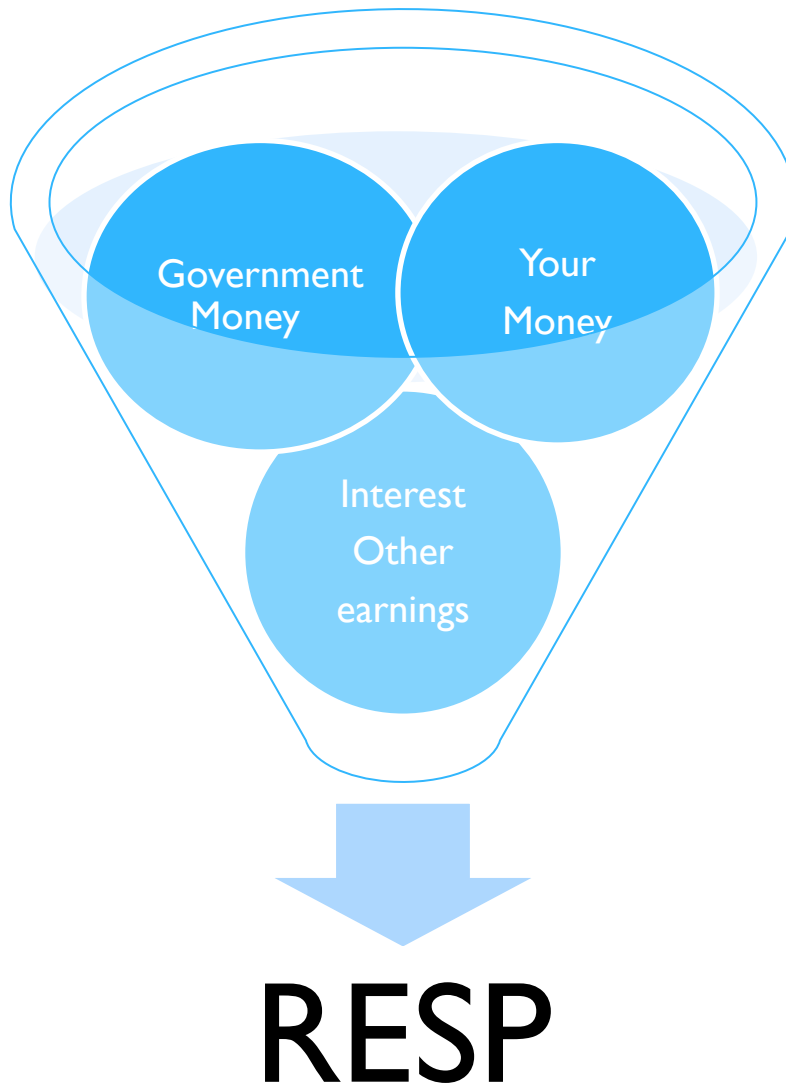
## Money the Government will put in your RESP

Name of Government Money	Amount \$	You get this if.....
Canada Education Savings Grant (CESG)	20% for every dollar you put in	You put money into the RESP
Additional Canada Education Savings Grants (additional CESG)	An extra 10% for every dollar you put in (on the first \$500 per year)	Your household income is between \$42,707 - \$85,414*. You put money into the RESP.
	An extra 20% for every dollar you put in on the first \$500 per year	Your household income is less than \$42,707*. You put money into the RESP.

\* This is the net income amount for 2012. (may change each year)

Maximum CESG funds = \$7200 lifetime per child

# What Money can go into an RESP?



# My Family RESP

Children's Names	Birth Year

Government money	Amount Yearly	Amount at 17 years of age
CLB =		
Your Money =		
CESG =		
ACESG =		
<b>TOTAL*</b>		
Plus Interest/ earnings !		

# Household Income of \$42,707 or less<sup>1</sup>

If you open an RESP for a new baby you will get:

Amount you save in RESP	Government puts in the RESP (CLB)	Government puts in the RESP (CESG & Add'l CESG)	Age 18 <sup>2</sup>
\$0	\$500 to start + \$100/yr for 15yrs.	\$0	\$2,883
\$10 a month	\$500 to start + \$100/yr for 15yrs.	\$4 a month	\$6,825
\$25 a month	\$500 to start + \$100/yr for 15yrs.	\$10 a month	\$12,903

1. 2012 net income (may change each year)
2. Approximate amount at age 18, based on 3% annual interest. Actual amount will vary based on child's age, type of RESP, interest rates and current legislation.

# How can I invest my RESP money?

Your bank or credit union will discuss different options with you about how to invest your money.

Type of RESP	What is it?	Advantages	Disadvantages
RESP Savings account*	A savings account	Flexible No minimums	Very low interest
RESP GIC	A guaranteed Investment certificate	Guaranteed interest rate Guaranteed Principal	Low Interest Minimum Investment (usually \$500)
RESP Mutual Funds	A collection of money market, bonds, and or stocks	<u>May</u> earn more money, low monthly investment	Principal and earnings are <u>not</u> guaranteed.

\* Not all banks have RESP Savings accounts

# Monthly Budget Worksheet

Category	Monthly Budget Amount	Actual Amount	Difference
<b>INCOME</b>			
Wages/Income			
Child Tax/Credit			
Interest Income			
<b>Income Subtotal</b>			
<b>EXPENSES</b>			
Rent/Mortgage			
Utilities/ Gas/Hydro			
Phone/Cell Phone/Internet			
Groceries/Food			
Clothing			
Shopping			
Entertainment			
Miscellaneous/Other			
Car/Insurance/Maintenance			
<b>Expenses Subtotal</b>			
<b>NET INCOME (Income - Expenses)</b>			

Use this worksheet to determine a monthly budget for your family. Fill in the amounts you feel reflect what you spend each month in the “Monthly Budget Amount” column. At the end of the month figure out how much you actually spent and put these amounts in the “Actual Amount” column. Then you subtract the “Actual” amounts from the “Budget” amounts. If you end up in the negative or minus, this means you have overspent. You may want to adjust your monthly budget.

# Money Saving Tips

We all know how hard it is to save more, and spend less. There always seems to be somewhere else to spend money -- that is why so many people don't save as much as they should.

To help improve your saving money habits, here are some tips and advice.

## **Look for Recreation Instead of Entertainment**

Movies, shows, concerts and theme parks are not only expensive but also only last for a few hours or one day. If you start thinking about recreational activities such as hiking, camping, beachcombing or low cost hobbies, you'll find many of these activities offer a no cost or low alternative to high cost entertainment.

## **Go to the Library**

Did you know that you can find not only movies but also video games at your public library? If you are an internet fiend, you can do all of your email and net surfing on the library system and even tap into fee-for-service databases for different types of research. Don't buy that latest book but check out the library shelves. With most paperback books retailing at \$5 - \$25 and hardcover books selling at \$20 - \$35, you can realize savings quickly.

## **Avoid impulse buying**

Impulse buying can be the downfall of any attempt at savings, but if you don't go browsing then chances are those impulse purchases won't show up on your credit card statement a month later or take away from other items such as food or rent. When shopping, only purchase what you planned on buying. If you find something else you want, hold off on the purchase until the next time. That way, you can have some time to think if the item is really something you need. Also, you can then check if it is within your budget.

## **Shop the outer aisles of grocery stores**

Take a good look at your grocery store. Produce, dairy, and meats tend to be placed on the outer aisles with all the junk food and processed products in the center aisles. Avoid as many of those inner aisles as possible and you'll see both your waistline and spending drop.

## **Skip the chai tea, pizza deliveries, lattes, specialty shops, and gourmet aisles**

Ok, we've heard that speech before but we also know that life is meant to be lived and enjoyed. So as Ben Franklin advised, use moderation in all things even moderation. Though, don't deny yourself too many treats or you'll never stick to that budget. How about giving up two lattes a week for a savings of \$40 a month and two pizza deliveries for a savings of another \$40? Start switching out items that break the budget and don't give them up all at once but instead just buy some or a few on occasion as a treat instead of making each one a weekly ritual.

### **Prepare Meals at Home**

Instead of eating breakfast on the way to work, try eating breakfast at home instead. Also, make your own lunch at home and bring it with you to work. It is amazing how much money you will save by preparing your own meals.

Also, instead of drinking soda, drink water instead -- it will also help you watch your weight. Snacks are something you can bring from home as well. Choose healthy snacks, such as fruit. This goes for the kids too.

### **Avoid Convenience Stores**

Try not to spend money on groceries at convenience stores unless it is really necessary.

### **Do Price Comparison**

Check prices before making any large purchases. Online prices are very competitive, and by checking prices online first, you will know if buying at your local store makes sense or not.

### **Turn Down the Temperature**

Turn down the temperature in your house or apartment in the winter, and raise it during the summer. Also reduce the temperature of your hot water heater if you have one.

### **Pay Off Credit Card Debt**

Credit card debt has one of the highest rates of interest you can pay. Don't just pay the minimum monthly amount, but try to pay your credit card in full or as much as you can.

### **Keep a Budget**

A great way to help save money is to create a budget, and then stick to it. Just by tracking where the money is going, you will be more aware of your spending habits, and stop unnecessary spending.

### **Swap Toys**

Instead of buying lots of expensive toys for the kids, consider buying fewer toys, and then swapping toys with friends and family. Kids often lose interest in their toys, but have a greater interest in new toys. By swapping, you can increase the frequency of new toys without spending any additional money.

### **Set Savings Goals and be Smart!**

When it comes to setting your savings goals, be SMART --- Make goals that are specific, measurable, achievable, realistic, and can be accomplished on a timed basis. It's your money so have some fun with the process and above all, be creative!



# What if my child doesn't continue their education?

## 1. WAIT

The RESP will stay open for 35 years. Even if your child does not go to post-secondary school right away, he or she will have lots of time to make up his or her mind. The RESP will continue to earn interest.

## 2. TRANSFER MONEY FROM THE RESP TO A SIBLING

If one child does not go to a post-secondary school, you can transfer the money to their brother or sister. Most of the government money can be transferred\*.

## 3. CLOSE THE RESP

What happens to the money?

Your money is yours to keep.

You must give back the government money.

You can keep the interest and other earnings if:

- The RESP has been opened for 10 years.
- Your child is 21 year old or older.

You have to pay tax on it.

The above are options only. Please discuss these and other options with your RESP provider.

- The lifetime maximum CESG is \$7200 per child.  
The CLB cannot be transferred – it is for the child that applied for it.

# 4 Steps to Open an RESP

## Step 1:

### Primary ID

To open an RESP, you first need to have Primary ID (such as a Birth Certificate,) for yourself and each of your children.

**I have Primary ID for me & my children.**

*Go to Step Two*

or

**I have applied for Primary ID for me & my children.**

**I have received Primary ID for me & my children.**

*Go to Step Two*

## Step 2:

### SIN Cards

Once you have all of the necessary Primary ID, you will need Social Insurance Numbers (SINs) for yourself and each of your children in order to open an RESP.

**I have SINs for me & my children.**

*Go to Step Three*

or

**I have applied for and received SINs for me & my children.**

*Go to Step Three*

## Step 3:

### Decisions

Before you go to open your RESP, you will need to ask yourself the following questions:

**Which type of RESP plan do I want to open?**

An Individual Plan

A Family Plan

**What type of investment do I want for my RESP savings?**

A savings account

A GIC

Mutual Funds

**Will I make contributions to this account?**

Yes

No

**If yes, how often will I make contributions?**

Every week

Every two weeks

Every month

One time

No contributions

*Go to Step Four*

## Step 4:

### Open an RESP!

You now have all the information you need to open an RESP! Now you need to choose an RESP provider that best suits

your needs and book an appointment to open an RESP with this provider.

**My Chosen Provider is:**

\_\_\_\_\_

**My Appointment Date is:**

\_\_\_\_\_

**My Appointment Time is:**

\_\_\_\_\_

Please bring this worksheet and all of your Primary ID and Social Insurance Number cards to your appointment to open an RESP.

# Questions to ask the Bank

1. Will you apply for all the government money\* for my kids?
2. Does it cost anything to open an RESP?
3. Once I have opened the RESP, will I have to pay any fees? If so, how much will I have to pay, and what are the fees for?
4. Do I have to put money into the RESP to open it?
5. Do I have to make regular payments into the RESP? What happens if I cannot make regular payments?
6. What are my investment choices? What are the benefits or risks of each investment choice? Can the value of my investment do down?
7. Where does the Primary Caregiver (usually the mother) need to sign to get all the government money?
8. Can I withdraw my money if I need it? Are there any fees or penalties for withdrawing my money?
9. What does it cost if I transfer my money to a different financial institution?
10. When and how do I take the money out for my child's education?

\*The official terms for the government money are:

1. Canada Education Savings Grant (CESG). Government of Canada matched money that you will get when you put in your own money.
2. Additional CESG – Extra matched money on the first \$500 you put in each year, based on your net family income.
3. Canada Learning Bond – Free money for kids born 2004 and later, based on your net family income.

# Financial Terms

<b>Words</b>	<b>What they mean</b>
<b>Principal</b>	They money you put in a savings account or RESP
<b>Interest</b>	The bank pays you interest on the principal, currently about 0.05% - 3.0%. You pay interest when you borrow money or carry a balance on your credit card, about 10% - 28%
<b>Earnings</b>	Earnings that you are paid on your principal can be interest, dividends or capital gains, depending on what you invest your money in.
<b>Chequing Account</b>	Does not usually pay you interest
<b>Savings/Deposit Account</b>	Pays a small amount of interest, about 0%-2.5%.
<b>Registered retirement Savings Plan (RRSP)</b>	A special long term savings account to save for retirement or down payment for your first home. It may pay higher interest then savings account.
<b>RESP Subscriber</b>	Person who puts money into the RESP
<b>RESP Beneficiary</b>	Person who the RESP money is for.
<b>RESP Provider</b>	Bank or credit union that opens and holds the RESP for you
<b>Mutual Funds</b>	Mutual funds are a collection of money market, bonds, and /or stocks. Can be low, moderate, or high risk investments. You may earn more money in a moderate or high risk investment, but your principal is not guaranteed. Talk to a bank about the risks and benefits of investments in Mutual funds.

# RRSP, RESP, RDSP

## What's the difference?

RRSP = Registered Retired Savings Plan

RESP = Registered Education Savings Plan

RDSP = Registered Disability Savings Plan

	<b>RRSP</b>	<b>RESP</b>	<b>RDSP</b>
What	Savings accounts for retirement (can be used for down payment on first home)	Savings account for a child's education after high school (college, university, trades)	Savings account for a person with disability
Who	You can open one for yourself or your spouse at any age that you have earned income	You can open one for any child or yourself at any age (government money only up to 17 yrs old)	You can open one for a child or yourself if under 60yrs of age Must be eligible for Disability Tax Credit
Taxes	The money you put in the account is tax deductible. You don't pay tax on the money or the earnings when money is in the account. Withdrawals are all taxable.	Tax Deferred growth (you don't pay tax on the earning when money is in the account) Withdrawals are partially taxable.	Tax deferred growth (you don't pay tax on the earnings when money
Government money available	No government money is given for the RRSP	Canada Learning Bond (\$500-\$2000) Canada Education Savings Grants (up to \$7200)	Canada Disability Savings Bond (up to \$1000/year) Canada Disability Savings Grant (up to \$3500/year)
Limit	18% of your income to a maximum of \$21,000/yr	Lifetime limit of \$50,000	Lifetime of \$200,000
When to use the money	Take the money out when you retire (or to buy first home)	Take money out when kids continue education after high school	Take the money out anytime (must start at 60) The grants and bond must have been in the RDSP for at least 10 years



# Hummingbird Aboriginal Student Futures



BC Aboriginal  
Child Care Society

Canada 