

# Saving for Your Children's Education

By Karin Mizgala

**Q: What's the best way to save for my children's education? I've seen brochures on Group Education Savings plans in my doctor's office—are these a good idea?**

Education is one of the biggest expenses that families face, so it's important to make your education savings decisions within the context of your values, beliefs and an understanding of the numbers. Before setting up a savings plan, ask yourself:

- How do I want to assist my child with post-secondary education? Moral support? Some financial assistance? Pay for everything?
- Do I expect my child to contribute a portion to their education costs or living expenses?
- Will my child attend a local school and live at home? Or do I want the option to send my child to a school in another province, or country?
- How much money will I need to cover the portion of schooling costs that I expect to pay for?

## **The Costs**

To give you an idea of the numbers, a four-year English degree at Carleton University in Ottawa will run about \$16,100 per year, including double- occupancy campus housing and a meal plan. The total, no-frills estimate for four years at Carleton: about \$64,400. If your child lives at home, expect to pay between \$6,000-\$8,000 a year for tuition and books alone for a similar degree. And don't forget about costs like computers, software, supplies, cell phones, special health or medical needs and travel.

## **Saving for Education**

There are two main options when it comes to education savings plans—Registered Educational Savings Plans (RESPs) and Group RESPs offered by companies like Canadian Scholarship Trust Foundation and Heritage Education Funds. Both plans offer the Canada Education Savings Grant (CESG), which can add as much as \$600 per child per year to your savings. If you qualify for the Canada Child Tax Benefit, you may also be eligible for the \$500 Canada Learning Bond.

Group RESP plans work if you're sure you will continue to contribute to the plan long term and you don't want to make investment decisions yourself. But I'm not a fan of them. These plans can be complicated, difficult to get out of and the fees are confusing.

A better option is to open an RESP available through most financial institutions and advisors. There is no annual contribution limit, you choose how you want to invest and you can contribute up to \$50,000 per child.

## **Unsure of how to get started?**

If your child is under six, invest the \$100 per month you get from the Universal Child Care benefit in an RESP. Thankfully, parents aren't the only ones who can contribute to RESPs. Encourage grandparents, aunts, friends to get in on the act too!

For more information on saving for your child's education, visit [www.canlearn.ca](http://www.canlearn.ca), the Government of Canada's online resource to post-secondary education and costs. They also have an education cost calculator that calculates your child's potential education costs based on things like the year they will start, the school they will attend, the program, length of study, residency requirements and more.

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