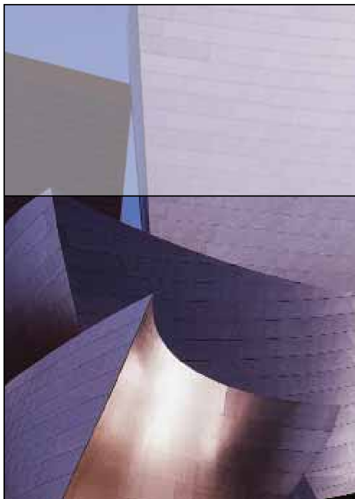

Macquarie Private Wealth

A world of opportunities

SAVING FOR AN EDUCATION

MACQUARIE PRIVATE WEALTH REGISTERED EDUCATION SAVINGS PLANS

About Macquarie

Founded in Australia in 1969, the Macquarie Group has always been committed to continuous growth. Since 1992, this global provider of banking, financial, advisory, investment and funds management services has reported successive years of profits and growth.

Macquarie Private Wealth offers investors tailored financial solutions, award-winning research, recognized financial strength, and a global vantage point — a world of opportunities to build your personal wealth.

Every year, thousands of students opt to pursue post-secondary education in search of academic enrichment and greater career opportunities. Unfortunately, many families simply are not prepared for the financial burden of higher learning. Establishing a Macquarie Private Wealth Registered Education Savings Plan (RESP) can help. Although RESPs are not the only option available to those saving for education, they are growing in popularity due to their flexibility and tax-effectiveness.

Benefits of Registered Education Savings Plans

Tax-Sheltered growth. While contributions to RESPs are not tax deductible to the contributor, income earned on RESP investments remains tax-deferred until withdrawn. Withdrawals by the beneficiary are taxed in the beneficiary's hands.

Savings grant eligibility. Contributions made to an RESP are eligible to receive a grant from the federal government. The Canada Education Savings Grant (CESG) provides RESP account holders with a grant of up to 20% of the first $2,500 contributed to the plan every year for each beneficiary under the age of 18. Depending on the family's income, your child may be eligible to receive an additional CESG for contributions you have made. Also, for families who qualify for the Canada Learning Bond (CLB), the government will add to a child's RESP by making a first payment of $500. Families who receive the CLB will also get extra payments of $100 a year for up to 15 years, as long as they qualify for the National Child Benefit Supplement (NCBS).

Maximized growth with broad investment options. There are no foreign content restrictions in an RESP, allowing you to build a globally diversified portfolio.

Who should consider a Macquarie Private Wealth RESP?

- Parents/Grandparents of infants who wish to take maximum advantage of the benefits that are offered every year to age 18
- Parents or relatives who have established plans for savings and wish to maximize their tax-effectiveness
- Parents or relatives who have already established RESPs but are restricted to investing in a limited suite of products
- Parents or relatives who wish to establish a regular savings program for funding education

Contributing early to an RESP can help make post-secondary education more affordable. With more time for your money to grow, your contributions can be smaller and will maximize your childrens' CESGs. Both of these benefits will help you reach this important savings goal.

What you need to know

Registered Education Savings Plans (RESPs) were created by the federal government to encourage Canadians to save for their childrens' education by offering certain benefits.

Single Plan RESPs allow the contributor to name one beneficiary who does not have to be related to the subscriber by blood or adoption.

Family Plan RESPs are similar to single beneficiary plans, except that contributors can name more than one beneficiary, provided they are all related to the subscriber by blood or adoption. Family Plan RESPs provide the flexibility of sharing RESP assets among the beneficiaries.

Investment Options — All RESPs are not the same. Mutual fund company RESPs typically offer only mutual funds as investment options. Other RESP plans offer only savings accounts or GICs as alternatives. A Macquarie Private Wealth self-directed RESP allows you to invest in any combination of stocks, bonds and mutual funds.

REGISTERED EDUCATION SAVINGS PLANS (RESPs)

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Contributions can be made to an RESP for 31 years from the date the RESP is opened. RESPs must be collapsed by December 31 of the 35th year following the year the plan was opened. However, if your child takes a break between high school and post secondary education, you may be forced to collapse the plan before realizing the full benefit from the funds held within the plan. Any funds that remain in the RESP after the 35-year limit will be subject to withdrawal penalties. If there is a significant age difference between your children, you may want to consider separate RESPs to avoid the risk of the family plan having to be wound up before the youngest child has completed his or her education.

In the event of the contributor's death, the plan can be continued on behalf of the deceased by heirs, executors, administrators or other legal representatives if outlined in their will. However, if their will does not specify a successor, current tax law allows any other person making contributions to the plan to become the new subscriber. As the new subscriber, they may claim a refund on the capital contribution, leaving only the accumulated income and CESG for the child. If your intention is for the capital in the plan to be used by the beneficiary, then you may want to designate the successor in your will.

A subscriber is a person who opens an RESP and may make contributions to that RESP on behalf of an individual named as a beneficiary.

The beneficiary of an RESP is usually a child, but can be any person named by the subscriber of an RESP to receive money for education after high school from the RESP in the form of Educational Assistance Payments (EAPs). Payments to a beneficiary are made according to the specific terms of the RESP.

The primary caregiver is the individual primarily responsible for the care and upbringing of a child. The primary caregiver is usually the child's mother or father but can also be a child care department, agency, institution or organization that cares for a child who is eligible to receive payments under the Children's Special Allowances Act.

Quick facts and figures:

- Total contribution limit: $50,000 lifetime per beneficiary
- Maximum annual CESG of $500 per beneficiary for a total lifetime grant of $7,200
- Basic CESG — Is equal to 20% on the first $2,500 in annual contributions made to each beneficiary of an RESP (with some restrictions for 16- and 17-year-olds)
- Additional CESG — Eligible beneficiaries whose family net income is less than $38,832 will receive 20% over and above the current 20% basic CESG on the first $500. Eligible beneficiaries whose family net income is between $38,832 and $77,664 will receive 10% over and above the current 20% basic CESG on the first $500.
- Canada Learning Bond (CLB) — Eligible beneficiaries who are dependent on a primary caregiver who is entitled to the National Child Benefit Supplement will receive an initial CLB payment of $500 and subsequent annual installments of $100 for each year of eligibility until the year in which the beneficiary turns 15.
- Alberta Centennial Education Savings Plan (ACES) — Children of Alberta residents may receive an initial grant of $500. Subsequent grants of $100 are available to Alberta students who have turned eight, 11 and 14 years of age.
- All income earned in an RESP accumulates tax-free until it is withdrawn.
- You can withdraw principal contributions at any time without paying taxes; however, you may be required to repay CESGs.
- Withdrawals of RESP earnings are treated as income and will be taxed in the hands of the beneficiary.

If you are not a client of Macquarie Private Wealth and would like more information on RESPs or the world of other opportunities we present to build your personal wealth, contact us at mpwcanada@macquarie.com or 1 866 775 7704.

Visit our website at macquarieprivatewealth.ca