

The new federal budget has introduced some changes to the rules governing Registered Education Savings Plans (RESPs). It is opening up avenues that help us save more for our children's futures.

Both Blackmont and I are committed to ensuring you remain informed about your investments, so we have prepared a summary of the changes and the advantages and options they represent.

### **New Contribution Limits**

The annual contribution limit of \$4,000 has now been eliminated and the lifetime contribution limit has been increased from \$42,000 to \$50,000.

### **New Annual Canadian Education Savings Grant (CESG) Limit**

The annual CESG limit has been increased from \$400 (20% of the first \$2,000 contributed) to \$500 (20% of the first \$2,500 contributed) on contributions made on or after January 1, 2007\*. Please note that the lifetime CESG limit remains unchanged at \$7,200.

The new budget enables you to invest more money now and reap the benefits of tax-free compounding for your child's future while receiving more money from the government. This will give your children a larger nest egg to draw from when they are enrolled in an eligible post-secondary education program.

### **Part-Time and Non-University Students Now Eligible**

The federal government has relaxed their rules and made RESPs more suitable for a wider range of students. The Educational Assistance Payment (EAP) Eligibility Requirement has been adjusted to include part-time post-secondary and non-university students, who can now benefit by accessing up to \$2,500 of their account and grants for each 13-week semester of study. (They will be required to spend at least 12 hours a month on studies, in a course lasting at least 3 consecutive weeks, and show proof of enrollment.) This enhanced flexibility is a welcome change that will enable a larger percentage of students to benefit from registered education savings plans.

\* Blackmont is prepared to accept contributions and CESG applications in accordance with the changes noted above. However, Human Resources and Social Development Canada (HRSDC) is not prepared to immediately issue the additional CESG payments until January 1, 2008. This time period is subject to change by HRSDC and we will keep you informed on any updates from HRSDC as they become available. Blackmont Capital Inc. – Member CIPF and IDA