



**2016
Annual
Statistical
Review**



Canada Education Savings Program

Canada Education Saving Plan Annual Statistical Review 2016

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ABOUT THIS REPORT

Each year, Employment and Social Development Canada (ESDC) produces the Annual Statistical Review (ASR). The 2016 ASR provides statistics on Registered Education Savings Plans (RESPs) and the education savings incentives, offered under the Canada Education Savings Program, for the period between January 1 and December 31, 2016, as well as annual and cumulative historical data.

The ASR is primarily concerned with statistical information relating to beneficiaries who have received a Canada Education Savings Grant (CESG) or Canada Learning Bond (CLB) payment.

INTRODUCTION

ESDC administers the CESG and the CLB, two education savings incentives linked to RESPs. This report includes an outline of each education savings incentive, an executive summary that outlines the key highlights of 2016, and an overview of the evolution of the take-up of the education savings incentives, with a particular focus on children from middle- and low-income Canadian families.

PART I: SAVING FOR POST-SECONDARY EDUCATION

This section describes the range of education savings incentives available for post-secondary education (PSE) in Canada. These include both federal and provincial incentives, all of which are linked to RESPs. Unless otherwise noted, this report focuses on the federal education savings incentives: the CESG and the CLB.

In relation to education savings incentives, the term post-secondary education includes full-time or part-time studies in an apprenticeship program, or at a Collège d'enseignement général et professionnel (CEGEP), trade school, college, or university.

Registered Education Savings Plans

To receive the education savings incentives, a registered plan, called an RESP, must be opened with an institution that offers RESPs, such as banks, financial planners and insurance companies.

Typically, a parent, grandparent, or other family member opens an RESP and names a child as a beneficiary. The individual opening the RESP is called the subscriber. Subscribers do not need to be related to the beneficiary to open an RESP.

There are three types of RESPs:

- **Individual plans:** a single beneficiary is named and does not need to be related to the subscriber;
- **Family plans:** multiple beneficiaries may be named but they must all be related by blood or adoption to the subscriber; and
- **Group plans:** savings for several (non-family) beneficiaries of the same age cohort are pooled together and collectively invested by a scholarship plan dealer.

Funds in an RESP can be held in a variety of forms (for example, savings deposits, guaranteed investment certificates, mutual funds and other types of investments) and grow tax-free until withdrawn. There are plenty of RESP options available, including low- or no-fee options.

Canada Education Savings Grant (CESG)

The CESG consists of a basic amount (Basic CESG) and an additional amount of CESG (Additional CESG) for beneficiaries from middle- and low-income families.

Basic CESG

Basic CESG is a payment of 20 percent on the first \$2,500 of personal contributions made into an RESP each year, up until the end of the calendar year in which the beneficiary turns 17. The Basic CESG is available to all eligible beneficiaries, regardless of adjusted income.

Additional CESG

Beneficiaries from middle- or low-income families may also qualify for the Additional CESG. This is an additional amount of either 10 percent or 20 percent on the first \$500 of personal contributions made each year, on or after January 1, 2005, up until the end of the calendar year in which the beneficiary turns 17. The amount of Additional CESG that a beneficiary can receive depends on the adjusted income of the beneficiary's primary caregiver.

For example, beneficiaries from families with adjusted income of up to \$45,282 in 2016 (the lowest income tax threshold, indexed annually) may get 20 percent of Additional CESG on the first \$500 contributed to an RESP each year. That represents up to \$100 on top of the 20 percent Basic CESG. Children getting benefits under the *Children's Special Allowance Act* (children in care) also get the 20 percent of Additional CESG.

Alternatively, beneficiaries from families with 2016 adjusted income between \$45,282 and \$90,564 (the second income tax bracket) may get 10 percent of Additional CESG on the first \$500 contributed to an RESP each year. That represents up to \$50 on top of the 20 percent Basic CESG.

The Government of Canada contributes a maximum lifetime amount of \$7,200 in Basic and Additional CESG to each beneficiary.

Canada Learning Bond (CLB)

The CLB is available to beneficiaries born on or after January 1, 2004, who are from low-income families or getting benefits under the *Children's Special Allowance Act*. Personal contributions are not required to receive the CLB.

The CLB provides an initial payment of \$500, and \$100 for each year of eligibility up to age 15, to a maximum of \$2,000, and is retroactive. This means CLB payments can be requested for years the beneficiary was eligible, even for years before they were named in an RESP.

Defining low income

As of July 1, 2017, eligibility for the CLB is based, in part, on the number of qualified children and the adjusted income of the primary caregiver, as outlined in the *Canada Education Savings Act*. For the 2017–18 benefit year (July 1, 2017 to June 30, 2018), eligibility for the CLB is based, in part, on the following:

Table 1: Eligibility Thresholds

Number of qualified children	Adjusted income
1 to 3	up to \$45,916
4	less than \$51,809
5	less than \$57,724
6	less than \$63,640

Note: Beneficiaries from larger families with higher adjusted income may also be eligible for the CLB. Information relating to CLB eligibility for larger families with higher adjusted incomes is available on request.

For the 2016-17 benefit year (July 1, 2016 to June 30, 2017), eligibility for the CLB was based, in part, on whether the primary caregiver would have received the National Child Benefit Supplement (NCBS) had it continued to be paid for that period.

Before July 1, 2016, beneficiaries were eligible for the CLB when the primary caregiver was eligible to receive the NCBS.

Provincial education savings incentives

In addition to the federal education savings incentives, three provinces provide education savings incentives:

Through the British Columbia Education and Training Savings Grant, the Government of British Columbia offers a one-time deposit of \$1,200 into the RESPs of beneficiaries born on or after January 1, 2006. ESDC administers this incentive on behalf of British Columbia.

The Government of Saskatchewan offers up to \$250 per beneficiary through the Saskatchewan Advantage Grant for Education Savings (SAGES). ESDC administers this incentive on behalf of Saskatchewan. (Note: In its 2017–18 budget, Saskatchewan announced that it is temporarily suspending the SAGES payments, effective January 1, 2018).

The Government of Quebec administers its own education savings incentive, called the Quebec Education Savings Incentive. This refundable contribution-based tax credit pays a 10 percent top-up directly into an RESP. Beneficiaries may get up to \$250 per year, plus another \$50 per year if they are from middle- and low-income families.

PART II: EXECUTIVE SUMMARY

Investing in tomorrow

For young Canadians to make the most of future opportunities, they need to be equipped with the knowledge, skills and experience that come from PSE. By investing in PSE for young Canadians, the Government of Canada is investing in the skilled and innovative workforce of tomorrow.

According to Statistics Canada's Labour Force Survey, between 2005 and 2015, employment rates were consistently higher among individuals with PSE than those who had not attained that level of education. Indeed, 71 percent of jobs already require some form of PSE.

Education builds a strong middle class

Access to funding is an important factor in the decision to pursue PSE. Research shows that when money is set aside for PSE, children are more likely to access higher-learning opportunities than those without savings. Early savings in RESPs means saving over a longer period to get the maximum benefit of the incentives, plus accumulated earnings on funds in the RESP. This leads to more funds to access PSE when the time comes. Helping more middle- and low-income Canadians to save for the PSE of children helps reduce barriers to higher learning.

This report underscores a number of positive trends in terms of both the number of Canadians saving for PSE and the amount they are saving, particularly those from middle- and low-income families.

Currently, 51 percent of eligible children (0 to 17 years of age) in Canada have received the education savings incentives. The Government of Canada is committed to helping the remaining 49 percent of eligible children, particularly those from middle- and low-income families, access the education savings incentives.

Government priorities

Making PSE more affordable for Canadians is a priority for the Government of Canada. Through the CESG and the CLB, as well as other social and economic initiatives, the government is:

- helping young people succeed in the changing labour market; and
- contributing to a strong middle class.

Also, in support of the mandate letter commitments of the Minister of Employment, Workforce Development and Labour, to work “collaboratively with provinces, territories and Indigenous Peoples to improve promotion of RESPs and Canada Learning Bonds, to make registration simpler, and to increase take up rates,” ESDC is undertaking efforts to:

- promote the benefits of early savings in RESPs to all Canadians; and
- ease access to the CLB for children from low-income families.

Furthermore, in Budget 2017, the Government of Canada announced the following measures to improve access to the CLB:

- undertake a pilot project to explore innovative approaches to increase awareness and take-up of the CLB; and
- amend the *Canada Education Savings Act* to allow the cohabiting spouse or common-law partner of the primary caregiver to apply for the CLB and an additional amount of the CESG on behalf of an eligible child.

The more skills and training Canadians acquire, the better the outcomes, both for individuals and for society as a whole. Working together, the Government of Canada and its partners and stakeholders can make a difference. Efforts of existing and new stakeholders in promoting awareness of the incentives to middle- and low-income Canadians are particularly valuable. ESDC encourages community and business partners to leverage the information contained in the ASR to promote the benefits of early savings in RESPs.

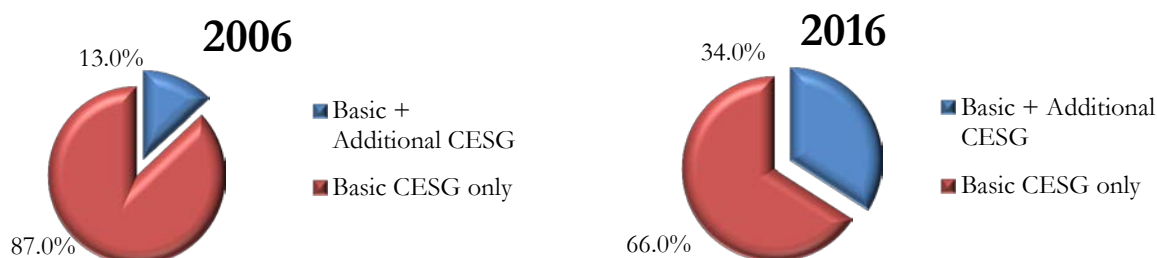
Securing opportunities: Growing personal contributions

Canadians contributed \$4.43 billion in RESPs in 2016. For its part, the Government of Canada paid \$1.02 billion in education savings incentives into these RESPs, representing 23 cents for every dollar contributed by Canadians.

In 2016, 2.77 million RESPs received \$884 million in Basic CESG and Additional CESG.

- Middle- and low-income Canadians¹ saved more in RESPs and received an increased share of the incentives:
 - 1.01 million RESPs received \$301 million in Basic and Additional CESG (a 350 percent increase from the \$67 million in 2006); and
- 1.76 million RESPs received the Basic CESG only, representing an increase of 30 percent (from \$447 million in 2006 to \$583 million in 2016).

Figure 1: Proportion of CESG beneficiaries in receipt of the A-CESG



Also, 546,141 beneficiaries from low-income families received \$134 million in CLB.

- 126,979 beneficiaries received the initial \$500; and
- 419,162 beneficiaries received annual amounts of \$100.

¹ The number of beneficiaries who have ever received Additional CESG is being used as a representation for children from middle- and low income families who have benefited from RESP funds. However, Canadians who opened an RESP before the introduction of the Additional CESG in 2005 would have had to subsequently request the Additional CESG. Given that some Canadians may not have made the new request for the Additional CESG, the numbers being used to represent middle- and low-income families are considered to be understated.

Additional opportunities

More Canadians are taking advantage of the education savings incentives each year. There are over 7 million children in Canada (up to 17 years of age) and, by the end of 2016, 51 percent (or 3.6 million children) had received a CESG since the incentive was introduced in 1998.

This means another 3.4 million children were not benefiting from any education savings incentives in 2016, of which nearly 1.7 million were eligible for the CLB. That is why the Government of Canada is looking to engage partners to reach out, especially to low-income families, to increase awareness and understanding of the benefits of early savings in RESPs and help close the gap.

Growing RESP assets

Total RESP assets reached \$51.3 billion by 2016, compared to \$27.6 billion ten years earlier.

Total assets include:

- personal contributions to an RESP;
- federal education savings incentives;
- provincial education savings incentives; and
- accumulated earnings on all of the above.

Making the grade: RESP withdrawals to fund Post-Secondary Education

Once the beneficiary is enrolled in a qualified PSE program, a request can be made for an Education Assistance Payment (EAP). An EAP is made up of accumulated earnings and the education savings incentives in the RESP (CESG, CLB and provincial incentives). EAPs are taxable income for the RESP beneficiary, who often has a modest income while studying, so the amount of tax paid on EAPs is generally low.

The beneficiary can use EAP funds to pay for PSE-related expenses such as tuition, text books, accommodation and more.

Education savings incentives are all about getting more Canadians access to the PSE they need to:

- improve their job prospects;
- reduce student debt; and
- strengthen the labour market.

What proves that the education savings incentives are working?

More children are benefiting from early savings in RESPs to pay for PSE:

- \$3.56 billion was withdrawn from RESPs, supporting PSE for approximately 420,000 beneficiaries; and of that,
- \$710 million was withdrawn from RESPs that contained Basic and Additional CESG, thus supporting PSE for nearly 86,500 beneficiaries (20.5 percent) from middle- and low-income families.

PART III: EDUCATION SAVINGS INCENTIVES AND POST-SECONDARY EDUCATION

Each year, more Canadians are using RESPs to save for the PSE of a child. This is particularly true for Canadians from middle- and low-income families.

The earlier Canadians save in RESPs, the more education savings incentives they receive. Considering potential earnings on the funds in the RESP, saving early can significantly increase the funds available to finance PSE.

Benefits of saving early for post-secondary education

Opening an RESP early can make a difference in terms of how much funding may be available for PSE.

How it all adds up

The cost of PSE continues to rise. According to Statistics Canada's Tuition and Living Accommodation Costs survey, the average undergraduate student tuition fee for the 2015 to 2016 academic year was \$6,191. Similar trends are occurring with college and apprenticeship programs.

Even though governments offer financial support to middle- and low-income students in the form of student grants and loans, and even if Canadians live in provinces offering free tuition to eligible students from low-income families (for example Ontario and New Brunswick), it still pays to start saving early for the following reasons:

- tuition is not the only cost of PSE: additional expenses may include administration fees, books, tools, and accommodation and living expenses;
- not all programs are eligible for free tuition; and
- free tuition may not apply to students from out of the province.

Funds in RESPs can be used to pay for all these expenses, whether students are enrolled in full or part-time studies in a trade school, CEGEP, college, university or an apprenticeship program. The following illustrates how early savings really add up over time.

Scenario 1: Saving for a child from birth

Ayan and Nasir are married with a newborn child, Johnny. They have a net adjusted income of \$45,000 and receive the Canada Child Benefit, a tax-free monthly payment made to eligible families. They always wanted to save for their child's PSE, so they opened an RESP when Johnny was born and applied for the CLB.

Using some of the money from the Canada Child Benefit, Ayan decides to put \$2 per day (\$730 per year) into an RESP. Her contributions collect even more money – because the Basic and Additional CESG deposited into her son's RESP. Along with the maximum CLB of \$2,000, and assuming 1 percent compound interest on these savings over an 18-year period, the RESP account could build to \$21,000 to help cover Johnny's PSE expenses.

Scenario 2: Saving later when child is older

Fatima is a single mother with a 10-year old child, Sophie. Fatima has a net adjusted income of \$45,000. Until now, she has not been able to save for Sophie’s PSE, even though she knows how important it is to give her a good start in life. Fatima opens an RESP and starts saving for Sophie when her daughter is 10 years old, using part of the Canada Child Benefit. She deposits \$2 a day (\$730 per year) into an RESP, which attracts both Basic and Additional CESG.

In the process of completing the application, the financial institution informs her that Sophie is also eligible for the CLB retroactively, for a maximum amount of \$2,000. With 1 percent compound interest on the personal contributions and the education savings incentives provided by the Government of Canada, the RESP could grow to \$10,000 to help cover Sophie’s PSE expenses.

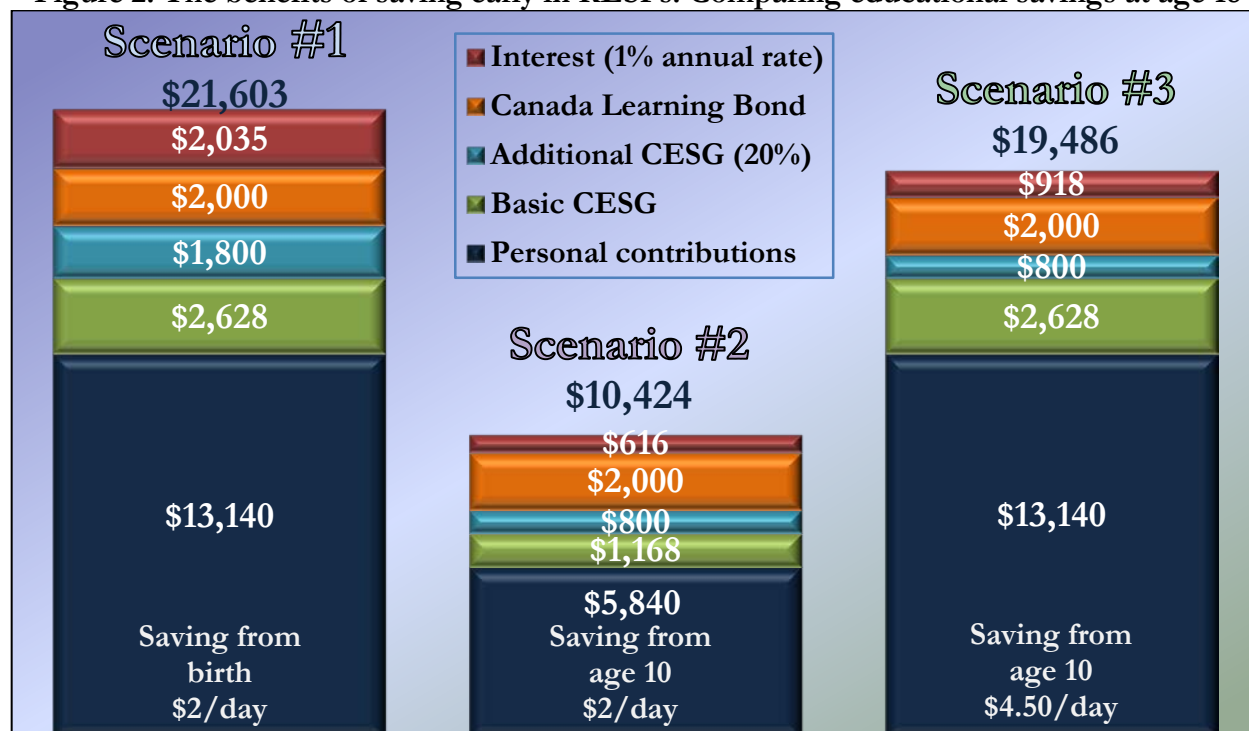
Scenario 3: Catching up with savings

Because Fatima started saving later, there will be \$11,000 less in the RESP by the time Sophie is enrolled in PSE.

The good news is that if Fatima wants to catch up with Ayan and Nasir, she can do so by increasing her daily contributions to \$4.50 per day, which works out to be \$1,642.50 annually. That would mean more than twice the amount of daily contributions. Under this scenario, Fatima would only miss out on approximately \$1,000 in Additional CESG and \$1,000 in interest.

Lesson learned: the earlier the savings, the greater the ability to maximize the incentives and accumulate earnings. It really pays to start saving early for PSE!

Figure 2: The benefits of saving early in RESPs: Comparing educational savings at age 18



Note: provincial incentives are not included in these scenarios.

Personal contributions into RESPs

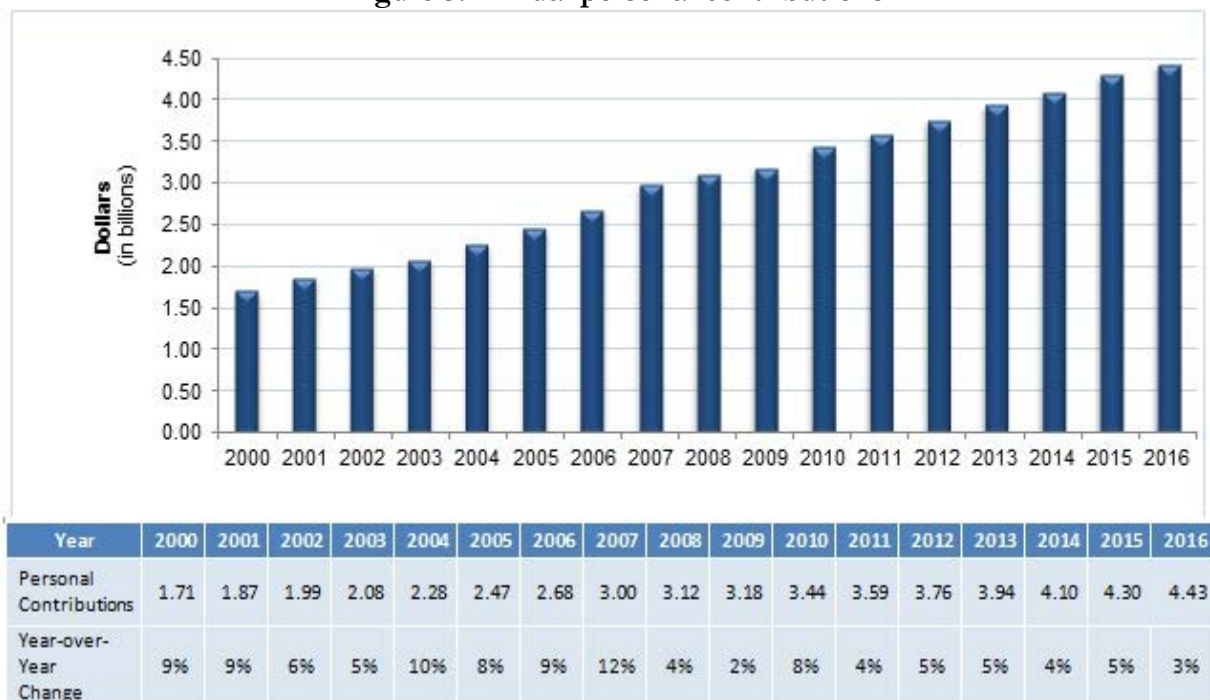
Canadians are saving more than ever in RESPs, for the PSE of children.

Personal contributions into RESPs attract federal education savings incentives and, in some cases, provincial education savings incentives. Funds in an RESP may be directed to straight savings deposits, guaranteed investment certificates, mutual funds or other types of investments until the beneficiary is ready for higher education. Whatever the type of investment the subscriber chooses, RESP funds grow tax-free until withdrawn.

Annual personal contributions

In 2016 alone, Canadians contributed \$4.43 billion into RESPs.

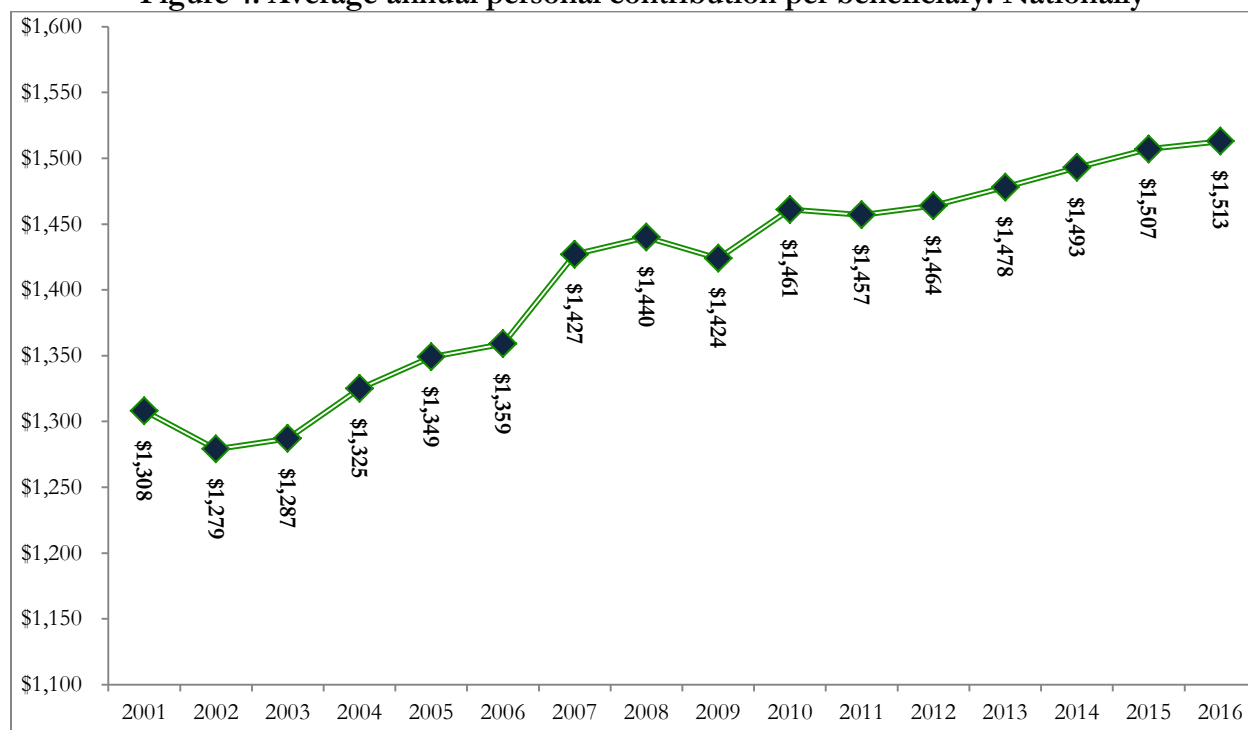
Figure 3: Annual personal contributions



Average per beneficiary: Nationally and by province and territory

In 2016, the average personal contribution, per beneficiary, reached \$1,513.

Figure 4: Average annual personal contribution per beneficiary: Nationally



Most provinces and territories saw a growth in the average annual amount of personal contributions. Prince Edward Island experienced the highest growth (5 percent) relative to all other jurisdictions. British Columbia, Ontario, and each of the three territories had higher average personal contributions than the national average of \$1,513.

Table 2: Average annual personal contribution per beneficiary: Nationally and by province/territory

Province and Territory	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nunavut	\$1,571	\$1,655	\$1,746	\$1,807	\$1,841	\$1,922	\$1,793	\$1,977	\$1,956
British Columbia	\$1,589	\$1,582	\$1,632	\$1,636	\$1,655	\$1,670	\$1,691	\$1,711	\$1,714
Yukon	\$1,507	\$1,435	\$1,612	\$1,535	\$1,569	\$1,554	\$1,592	\$1,629	\$1,677
Ontario	\$1,567	\$1,551	\$1,596	\$1,595	\$1,604	\$1,625	\$1,644	\$1,665	\$1,670
Northwest Territories	\$1,568	\$1,529	\$1,543	\$1,465	\$1,527	\$1,529	\$1,498	\$1,537	\$1,590
Alberta	\$1,453	\$1,409	\$1,433	\$1,427	\$1,437	\$1,440	\$1,459	\$1,445	\$1,444
Saskatchewan	\$1,293	\$1,286	\$1,324	\$1,324	\$1,342	\$1,373	\$1,406	\$1,424	\$1,425
Prince Edward Island	\$1,152	\$1,159	\$1,212	\$1,207	\$1,196	\$1,190	\$1,241	\$1,275	\$1,339
Nova Scotia	\$1,202	\$1,191	\$1,225	\$1,223	\$1,228	\$1,247	\$1,274	\$1,286	\$1,289
Quebec	\$1,175	\$1,167	\$1,195	\$1,179	\$1,181	\$1,191	\$1,202	\$1,224	\$1,248
Manitoba	\$1,222	\$1,217	\$1,227	\$1,232	\$1,213	\$1,211	\$1,215	\$1,234	\$1,235
Newfoundland and Labrador	\$1,032	\$1,051	\$1,092	\$1,113	\$1,135	\$1,153	\$1,190	\$1,221	\$1,221
New Brunswick	\$1,036	\$1,035	\$1,062	\$1,076	\$1,096	\$1,132	\$1,141	\$1,177	\$1,189
Canada	\$1,440	\$1,424	\$1,461	\$1,457	\$1,464	\$1,478	\$1,493	\$1,507	\$1,513

Personal contributions in RESPs with CLB beneficiaries

Every year, the average amount of personal contributions made into RESPs receiving the CLB continues to grow. In 2016, an average of \$1,078 in personal contributions was made into 76.9 percent of these RESPs. This is despite the fact that personal contributions are not required to receive the CLB. Since it became available in 2005, a total of \$5 billion in personal contributions has been deposited into RESPs receiving the CLB.

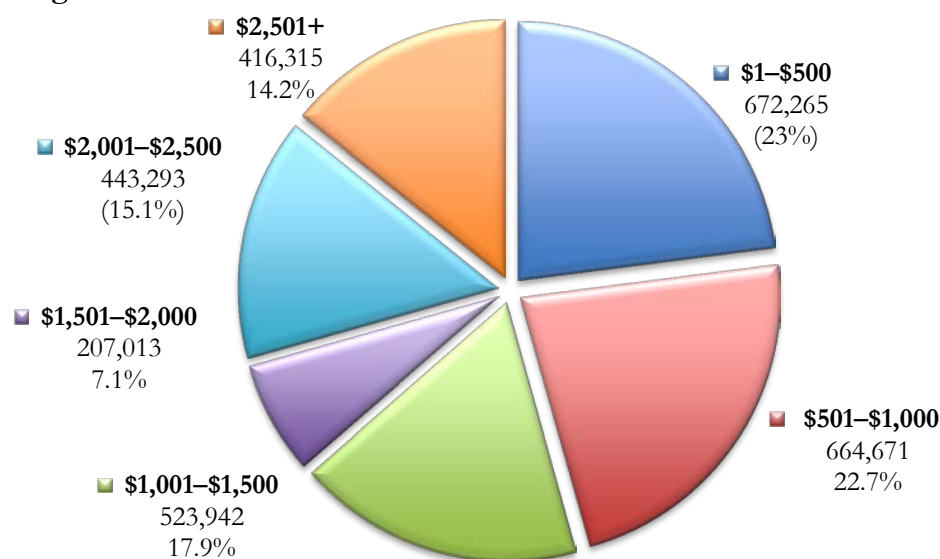
Table 3: Annual Average Personal contributions in RESPs

Year	2006	2008	2010	2012	2014	2016
Average Personal Contribution	\$963	\$1,044	\$1,016	\$1,021	\$1,057	\$1,078

Breaking it down

In 2016, personal contributions of up to \$1,000 were provided in 45.7 percent of RESPs; \$1,001 to \$2,500 was provided in 40.1 percent of RESPs; and \$2,501 or more was provided in 14.2 percent of RESPs.

Figure 5: Breakdown in the Amount of Personal Contributions to RESPs



Making it count: The role of RESP promoters

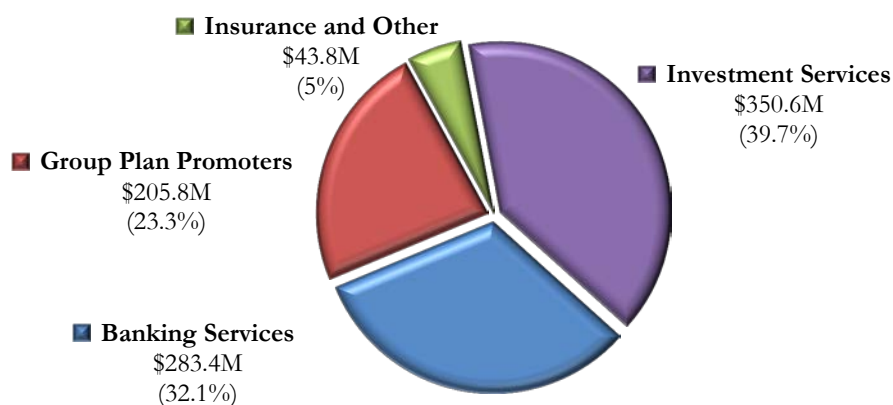
The role of promoters—the financial institutions offering RESPs and the education savings incentives—is essential. They facilitate the application process and help the subscriber understand the various investment options.

RESP promoters, of which there are approximately 90, are classified into four categories, including:

- **Banking Services:** deposit-taking institutions that provide private and commercial services to their clients;
- **Investment Services:** institutions that provide services to clients in investment banking, brokerage services, wealth management, fund operation, and private equity, security and commodity exchanges;
- **Group Plan Promoters:** institutions that offer registered plans in a group plan format by age cohort and also family and individual plans; and
- **Insurance and Other:** institutions that offer insurance to clients (property, casualty, life, and health) and other registered plan promoter types.

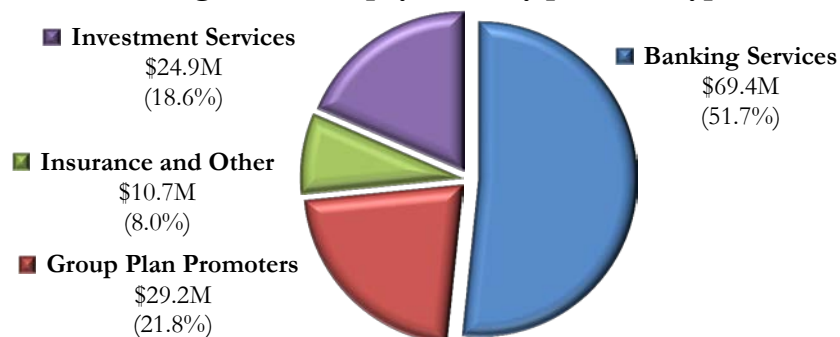
The charts below show the distribution of the education savings incentive payments among the various types of RESP promoters.

Figure 6: CESG payments by promoter type



Investment Services received 39.7 percent, Banking Services received 32.1 percent, Group Plan Promoters received 23.3 percent, and Insurance and Other received 5 percent of total CESG payments.

Figure 7: CLB payments by promoter type



Banking Services received 51.7 percent, Group Plan Promoters received 21.8 percent, Investment Services received 18.6 percent, and Insurance and Other received 8 percent of total CLB payments.

Government payments

This section provides details on Basic CESG, Additional CESG and CLB payments.

CESG payments

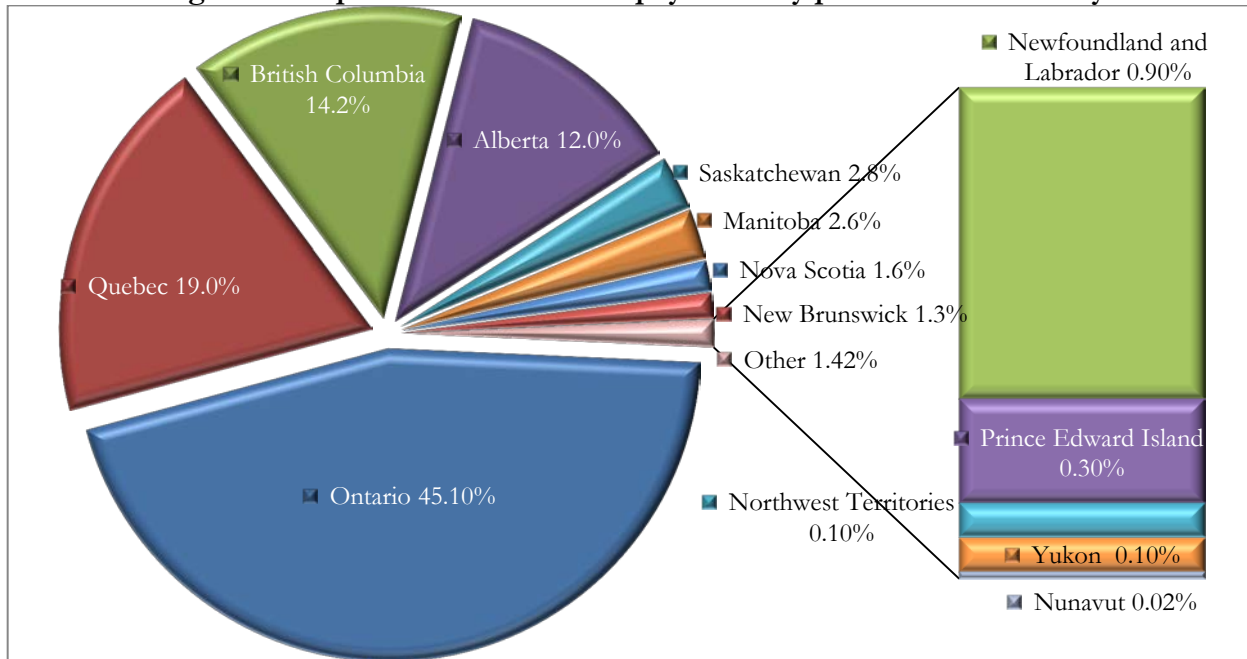
The Basic and the Additional CESG payments are proportional to the personal contributions that Canadians make into RESPs. In 2016 alone, Canadians saved \$4.43 billion in RESPs. As a direct result, 2.77 million RESPs received \$884 million in CESG.

As the following table and graph shows, \$398.5 million (or 45.1 percent) went to beneficiaries in Ontario. Another \$168.3 million (or 19 percent) went to beneficiaries in Quebec. The next highest amounts went to beneficiaries in British Columbia (\$125.9 million, or 14.2 percent) and Alberta (\$105.9 million, or 12 percent).

Table 4: Annual amount of CESG payments: Nationally and by province and territory (in millions of dollars)

Province and Territory	2009	2010	2011	2012	2013	2014	2015	2016
Ontario	\$300.0	\$325.6	\$342.3	\$358.0	\$371.7	\$380.2	\$393.6	\$398.5
Quebec	\$99.3	\$109.1	\$117.4	\$126.6	\$135.8	\$144.3	\$155.6	\$168.3
British Columbia	\$91.5	\$98.7	\$103.2	\$108.1	\$113.5	\$117.2	\$121.7	\$125.9
Alberta	\$73.5	\$79.0	\$83.8	\$89.5	\$95.2	\$99.9	\$105.9	\$105.9
Saskatchewan	\$16.2	\$17.4	\$18.3	\$19.4	\$20.7	\$22.0	\$23.4	\$24.4
Manitoba	\$15.5	\$16.8	\$17.9	\$18.9	\$19.8	\$20.6	\$21.8	\$22.9
Nova Scotia	\$11.2	\$12.0	\$12.4	\$12.7	\$13.2	\$13.5	\$13.7	\$13.9
New Brunswick	\$9.1	\$9.6	\$9.8	\$10.1	\$10.5	\$10.6	\$11.0	\$11.2
Newfoundland and Labrador	\$6.8	\$7.3	\$7.5	\$7.7	\$7.9	\$8.1	\$8.3	\$8.3
Prince Edward Island	\$1.7	\$1.9	\$2.0	\$2.0	\$2.1	\$2.2	\$2.3	\$2.5
Northwest Territories	\$0.6	\$0.6	\$0.6	\$0.6	\$0.7	\$0.7	\$0.7	\$0.8
Yukon	\$0.5	\$0.6	\$0.6	\$0.7	\$0.7	\$0.7	\$0.8	\$0.8
Nunavut	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Canada	\$628	\$680	\$717	\$755	\$793	\$821	\$859	\$884

Figure 8: Proportion of 2016 CESG payments by province and territory

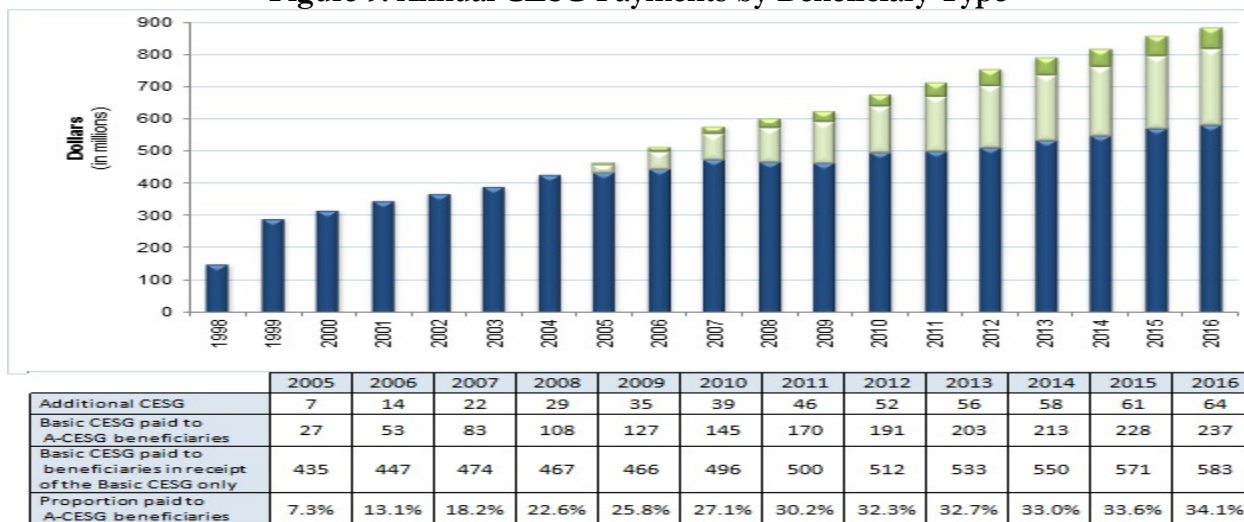


Payments to beneficiaries from middle- and low-income families

Over a 10-year period, the amount deposited by the Government of Canada into RESPs receiving both Basic and Additional CESG (therefore, for beneficiaries from middle- and low-income families) rose by nearly 350 percent (from \$67 million in 2006 to \$301 million in 2016), while the amount deposited into RESPs with only Basic CESG increased by 30 percent.

This demonstrates that the proportion of Government of Canada CESG money going to beneficiaries from middle- and low-income families is increasing every year.

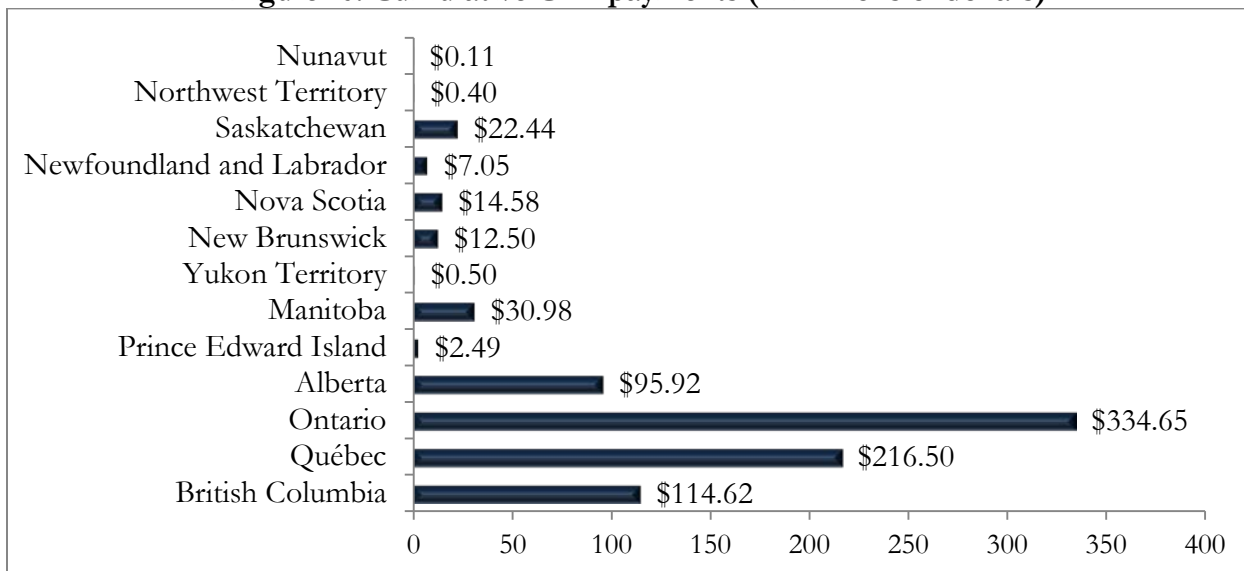
Figure 9: Annual CESG Payments by Beneficiary Type



CLB payments keep growing

The cumulative amount of CLB payments reached \$855 million in 2016. This table shows how the total has been distributed across the country since 2005.

Figure 10: Cumulative CLB payments (in millions of dollars)

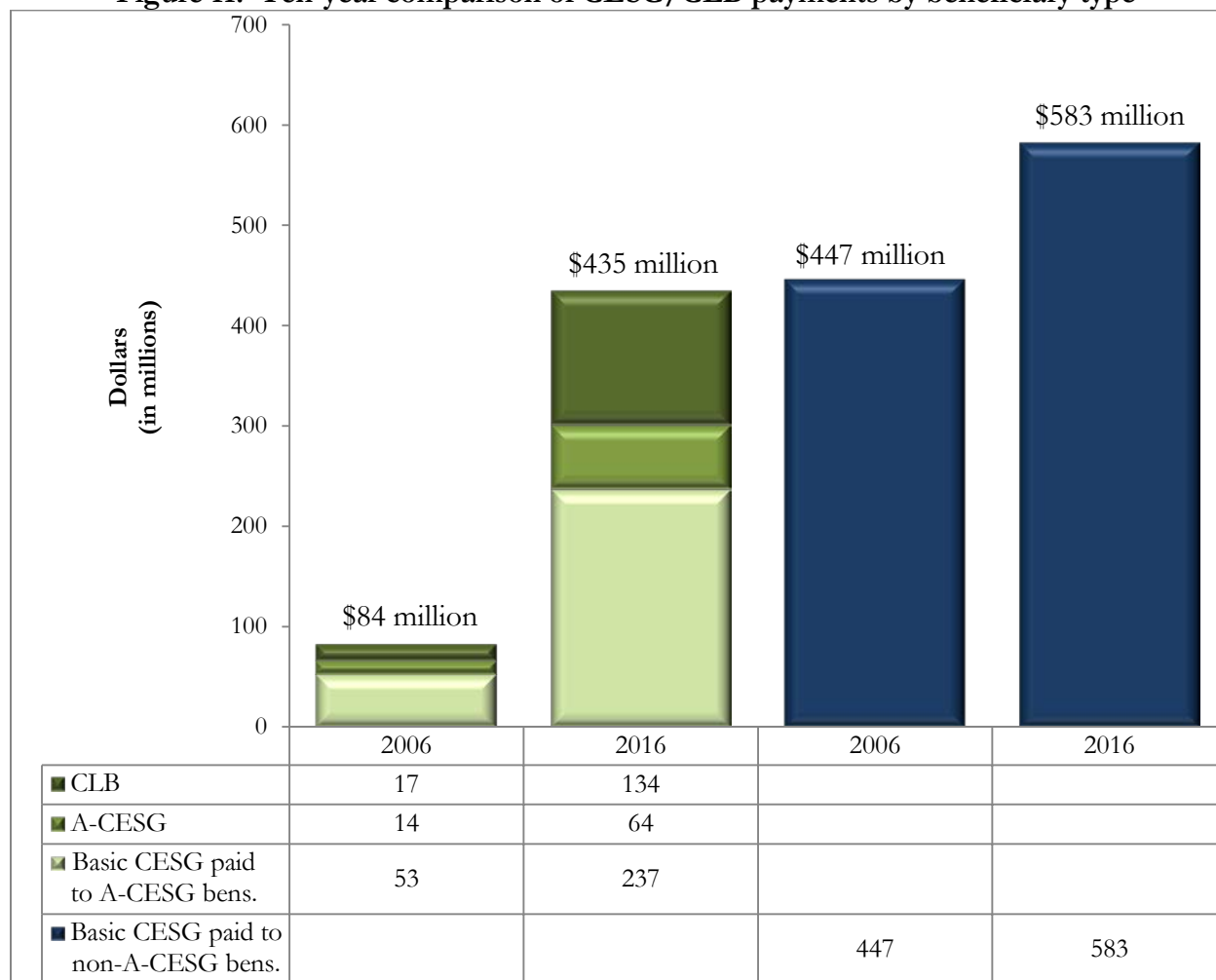


Combined payments: Basic and Additional CESG with the CLB

Combining the Basic and Additional CESG with the CLB, the total amount of education savings incentives paid by the Government of Canada into RESPs held by middle- and low-income Canadians² increased by 417 percent (from \$84 million in 2006 to \$435 million in 2016). In contrast, payments to beneficiaries who received the Basic CESG increased by only 30 percent over the same time period (from \$447 million in 2006 to \$583 million in 2016). This also encompasses a portion of the children from middle and low-income families who have yet to receive the Additional CESG and the CLB.

This further supports the observation that the proportion of total incentive payments being made by the Government of Canada into RESPs for beneficiaries from middle- and low-income families is increasing every year.

Figure 11: Ten-year comparison of CESG/CLB payments by beneficiary type



² The number of beneficiaries who have ever received Additional CESG is being used as a representation for children from middle- and low income families who have benefited from RESP funds. However, Canadians who opened an RESP before the introduction of the Additional CESG in 2005 would have had to subsequently request the Additional CESG. Given that some Canadians may not have made the new request for the Additional CESG, the numbers being used to represent middle- and low-income families are considered to be understated.

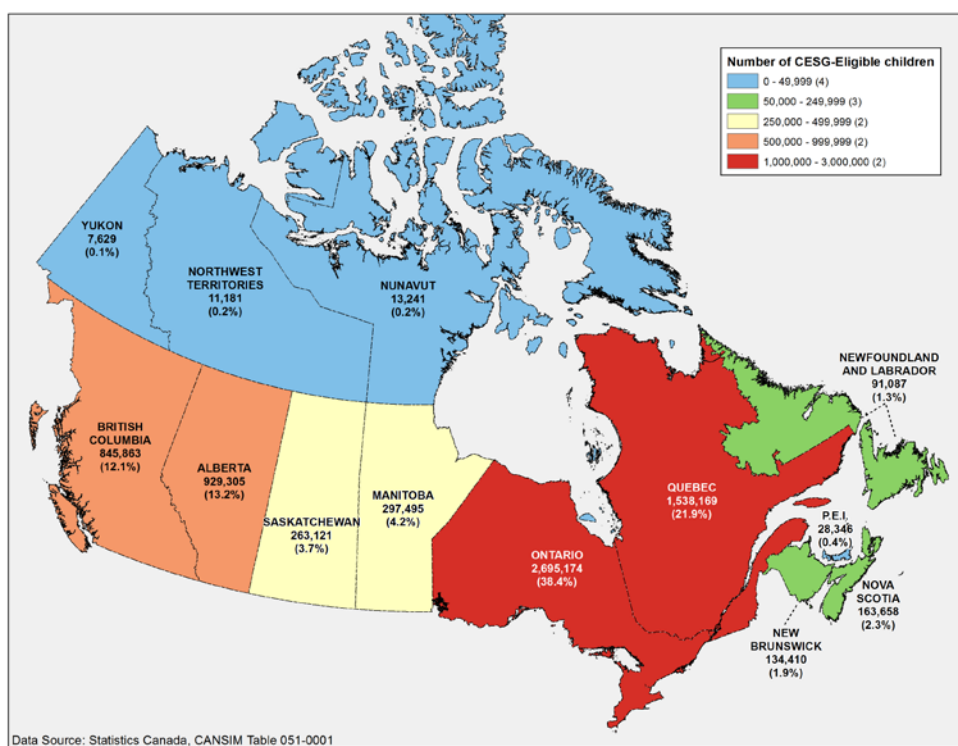
Participation and beneficiaries

This section breaks down participation rates across the country, which means the extent and degree to which Canadians are taking advantage of education savings incentives. Of particular note are the growing participation rates for beneficiaries from middle- and low-income families.

National participation rates: CESG

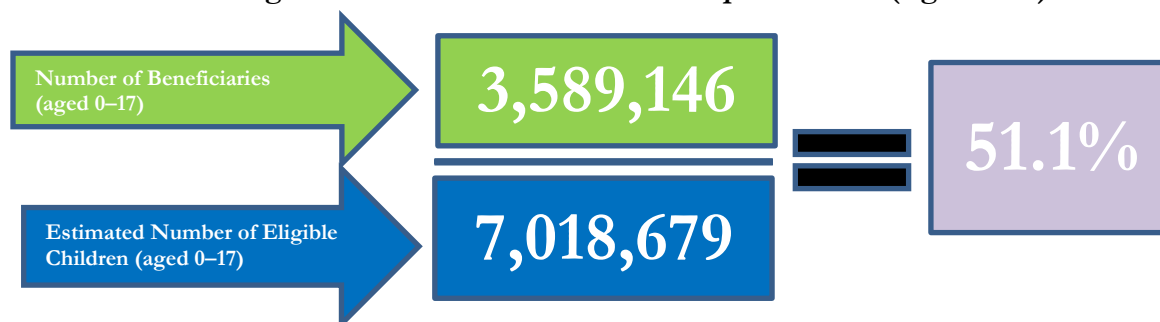
According to Statistics Canada’s annual population estimates, there were, as of July 1st 2016, over 7 million children who were 0 to 17 years of age and were therefore eligible for Basic CESG. This map shows the breakdown.

Figure 12: Estimated number of CESG-eligible children by province and territory



Of these 7 million, 51.1 percent (or 3,589,146) are named as RESP beneficiaries.

Figure 13: Cumulative CESG Participation Rate (Aged 0–17)



Provincial participation rates: CESG

In 2016, three provinces surpassed the national participation rate of 51.1 percent:

- British Columbia (55.3 percent)
- Ontario (54.6 percent)
- Alberta (51.3 percent)

Table 5: CESG participation rate: Nationally and by province and territory

Province and Territory	2008	2009	2010	2011	2012	2013	2014	2015	2016
British Columbia	42.7%	44.2%	45.8%	47.7%	49.4%	51.5%	52.9%	54.1%	55.3%
Ontario	42.7%	44.5%	46.5%	48.5%	50.3%	51.8%	53.1%	54.2%	54.6%
Alberta	39.3%	41.0%	42.8%	44.7%	46.3%	47.8%	48.9%	51.0%	51.3%
Quebec	31.9%	33.9%	36.0%	38.5%	41.0%	43.2%	45.5%	47.9%	50.1%
New Brunswick	37.3%	38.7%	40.0%	40.8%	41.8%	42.6%	43.5%	44.1%	44.2%
Newfoundland and Labrador	38.9%	39.7%	40.8%	41.6%	42.2%	43.1%	43.6%	44.0%	43.8%
Yukon	32.6%	33.8%	34.7%	36.5%	37.5%	39.0%	40.1%	41.0%	42.3%
Nova Scotia	33.4%	34.6%	36.1%	37.6%	39.0%	40.2%	41.1%	41.7%	42.1%
Prince Edward Island	34.2%	34.8%	36.0%	36.7%	37.8%	38.8%	39.8%	40.6%	41.6%
Saskatchewan	32.0%	32.6%	33.3%	34.3%	35.2%	36.1%	36.8%	37.8%	38.8%
Manitoba	28.0%	29.0%	30.3%	31.6%	33.0%	34.4%	35.5%	36.4%	37.4%
Northwest Territories	21.0%	22.1%	23.2%	24.4%	25.6%	26.5%	28.1%	28.9%	29.4%
Nunavut	3.9%	4.1%	4.3%	4.5%	4.7%	4.8%	5.0%	5.3%	5.6%
Canada	38.4%	40.1%	41.9%	43.8%	45.7%	47.3%	48.7%	50.2%	51.1%

Cumulative number of beneficiaries: Basic CESG by age group and province and territory

Since 1998, 5.74 million beneficiaries of all ages have received the Basic CESG. Of these, 3.59 million are currently between 0 and 17 years of age. The blue section in the following graph shows that 2.15 million beneficiaries are now 18 years old or older.

Figure 14: Cumulative number of CESG beneficiaries by age group

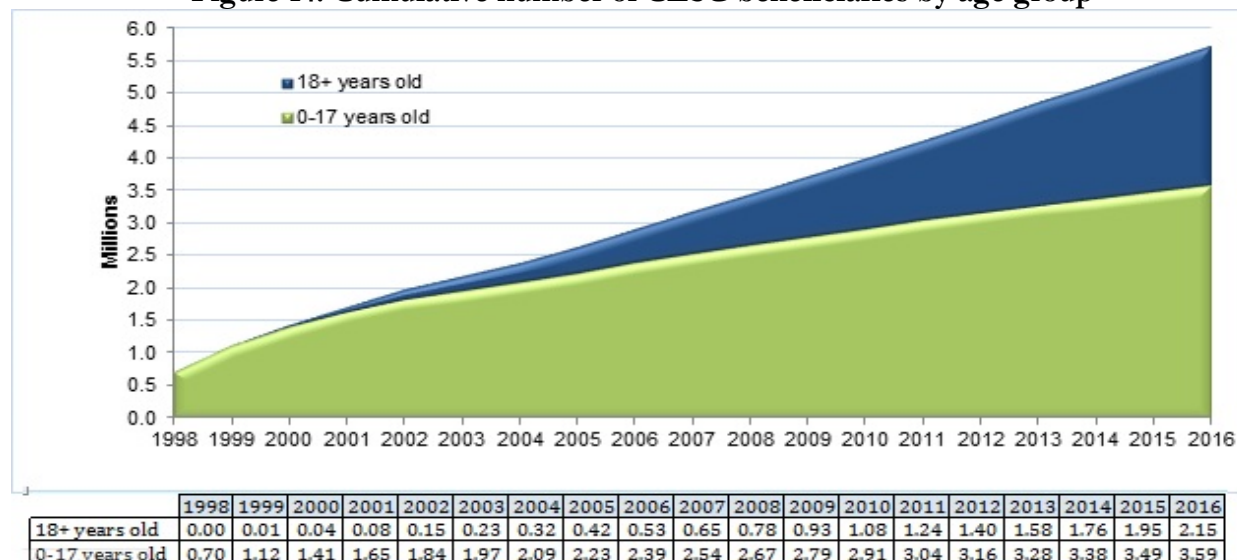


Table 6: Cumulative number of beneficiaries aged 0 to 17 in receipt of the Basic and Additional CESG by province and territory (in thousands)

Province and Territory	2008	2009	2010	2011	2012	2013	2014	2015	2016	%
Ontario	1,177	1,224	1,274	1,325	1,366	1,397	1,424	1,453	1,473	41.0
Quebec	491	518	548	586	622	657	692	731	771	21.5
Alberta	319	337	355	375	395	417	436	464	476	13.3
British Columbia	364	377	391	405	418	432	443	454	468	13.0
Manitoba	79	82	86	90	95	99	103	107	111	3.1
Saskatchewan	76	78	81	84	87	90	94	97	102	2.8
Nova Scotia	60	61	63	65	66	67	68	68	69	1.9
New Brunswick	54	55	57	57	58	58	59	59	59	1.7
Newfoundland and Labrador	37	38	39	39	40	40	40	40	40	1.1
Prince Edward Island	10	10	10	11	11	11	11	11	12	0.3
Northwest Territories	2.5	2.5	2.6	2.8	2.9	2.9	3.1	3.2	3.3	0.1
Yukon	2.3	2.4	2.5	2.6	2.8	2.9	3.0	3.1	3.2	0.1
Nunavut	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7	0.0
Canada	2,672	2,786	2,909	3,044	3,165	3,276	3,375	3,492	3,589	100

Annual beneficiaries: Basic and Additional CESG

In 2016, 2.77 million RESP's received a combination of the Basic and the Additional CESG. More specifically, 1.01 million RESP's received both the Basic and the Additional CESG, while 1.76 million RESP's received only the Basic CESG.

The proportion of RESP's getting both the Basic and Additional CESG increased by 200 percent between 2006 and 2016, from 12 percent to 36 percent whereas the proportion of RESP's getting just the Basic CESG has decreased by 24 percent since 2006, from 88 percent to 64 percent.

This suggests that the proportion of beneficiaries from middle- and low-income families receiving the CESG is increasing every year. In addition, personal contributions make up a growing component of total RESP assets.

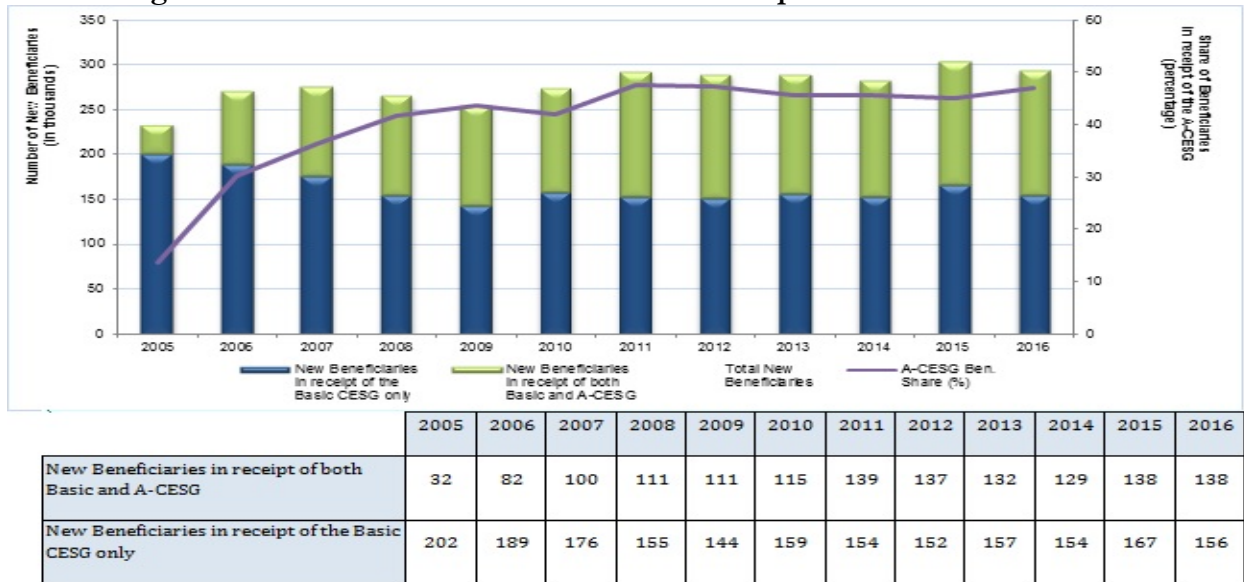
Figure 15: Annual number of beneficiaries in receipt of the Basic and Additional CESG



New beneficiaries: Basic and Additional CESG

Since the introduction of the Additional CESG in 2005, the annual number of new beneficiaries getting both the Basic and the Additional CESG has steadily increased. In 2016, 47.1 percent of new beneficiaries received the Basic and the Additional CESG.

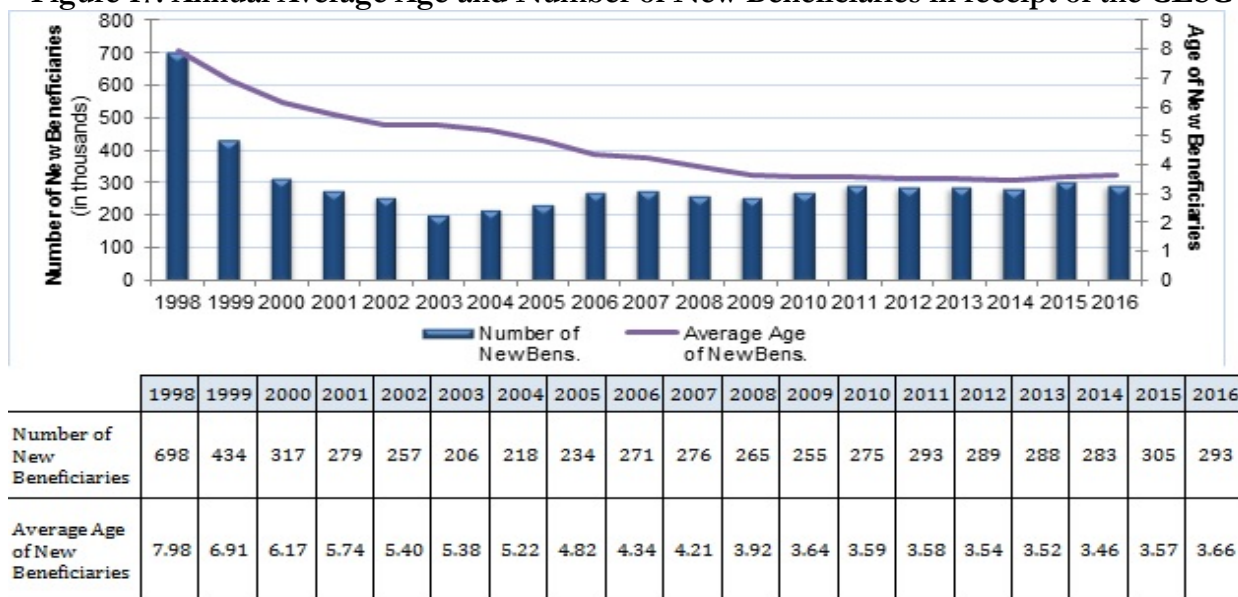
Figure 16: Number of New Beneficiaries in receipt of the Basic and A-CESG



Age of new beneficiaries: CESG

The purple line in the graph below traces the average age of new Basic CESG beneficiaries. In 1998, the average beneficiary was about 8 years of age. Since then, the average age has fallen, remaining below 4 years since 2008. In 2016, the average age was 3.6 years of age.

Figure 17: Annual Average Age and Number of New Beneficiaries in receipt of the CESG

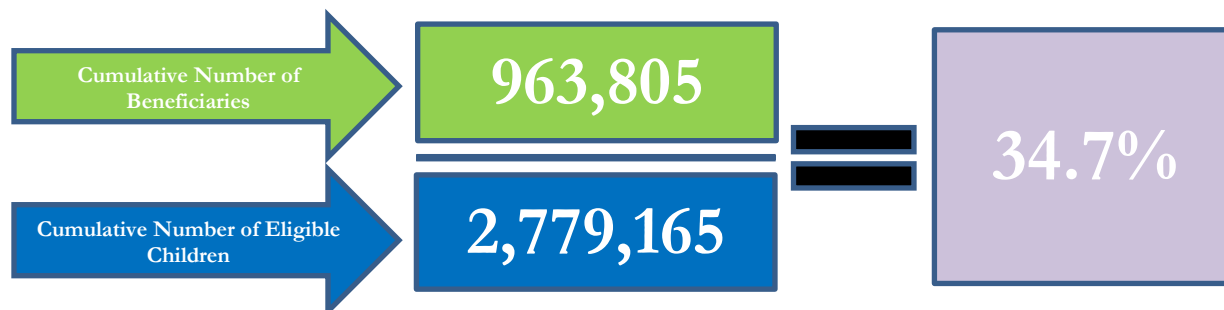


National participation rates: CLB

The number of beneficiaries both eligible for and receiving the CLB is growing.

To calculate the participation rate, the total number of beneficiaries who have ever received the CLB (963,805) is divided by the underlying eligible population (2.78 million children, 0 to 12 years of age). The CLB participation rate has steadily increased over 10 years, from 6 percent in 2006 to 34.7 percent in 2016.

Figure 18: Cumulative CLB Participation Rate (Aged 0–13)



Between now and 2020, approximately 250,000 more children will become eligible for the CLB each year. After 2020, the first group of children to have become eligible (in 2004) will surpass the maximum eligibility age of 15. At that stage, the underlying population of eligible children will stabilize.

Provincial participation rates: CLB

In 2016, three provinces surpassed the national participation rate of 34.7 percent:

- British Columbia (40.7 percent)
- Quebec (39.5 percent)
- Ontario (35.2 percent)

Table 7: CLB Participation Rate by Province and Territory

Province and Territory	2008	2009	2010	2011	2012	2013	2014	2015	2016
British Columbia	20.4%	23.7%	26.0%	28.9%	31.8%	34.3%	36.5%	38.1%	40.7%
Quebec	19.3%	22.9%	25.1%	27.6%	30.9%	33.0%	34.9%	37.0%	39.5%
Ontario	16.5%	20.1%	22.7%	26.1%	29.4%	31.3%	32.8%	33.9%	35.2%
Alberta	16.3%	19.0%	21.3%	23.7%	26.4%	28.6%	30.5%	33.0%	33.8%
Prince Edward Island	10.0%	12.4%	14.3%	16.4%	19.3%	21.3%	22.7%	24.0%	25.3%
New Brunswick	9.8%	11.9%	14.5%	19.7%	21.2%	22.0%	22.8%	23.6%	24.7%
Manitoba	10.2%	11.8%	14.6%	16.9%	19.2%	20.7%	22.0%	23.4%	25.2%
Yukon Territory	15.4%	17.7%	19.4%	16.8%	18.7%	21.7%	22.7%	23.5%	24.9%
Nova Scotia	10.1%	11.8%	14.6%	16.8%	19.3%	20.6%	21.8%	22.6%	23.8%
Newfoundland and Labrador	10.7%	13.0%	15.1%	17.4%	19.2%	19.9%	21.0%	21.8%	22.7%
Saskatchewan	11.6%	14.0%	16.2%	16.7%	18.2%	19.3%	20.4%	21.4%	22.8%
Northwest Territories	3.8%	4.8%	5.8%	7.1%	7.8%	8.4%	9.3%	10.0%	10.5%
Nunavut	1.3%	1.5%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.7%
Canada	16.6%	19.8%	22.2%	24.9%	27.9%	29.8%	31.5%	33.1%	34.7%

New and annual beneficiaries: CLB

The dynamics that contribute to the growth in CLB beneficiaries include:

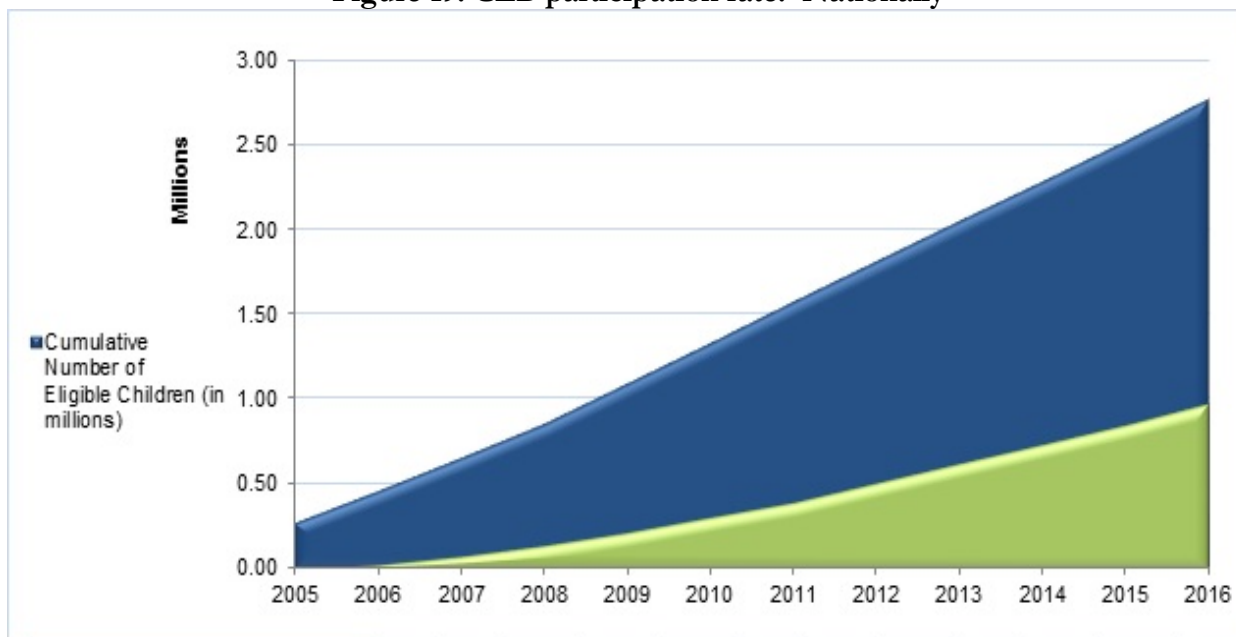
- the number of new beneficiaries;
- the continuing eligibility of existing beneficiaries; and
- the underlying population of eligible children.

The cumulative underlying population of eligible children was 2.8 million in 2016.

Meanwhile, the cumulative number of children who have ever received the CLB has increased by 12.5 percent, (from 830,735 children in 2015 to 963,805 children in 2016). The growth is a result of 126,979 new beneficiaries having received the CLB.

If growth projections hold true, 250,000 more children will become eligible for the CLB in 2017, of which 130,000 beneficiaries will be receiving it for the first time.

Figure 19: CLB participation rate: Nationally

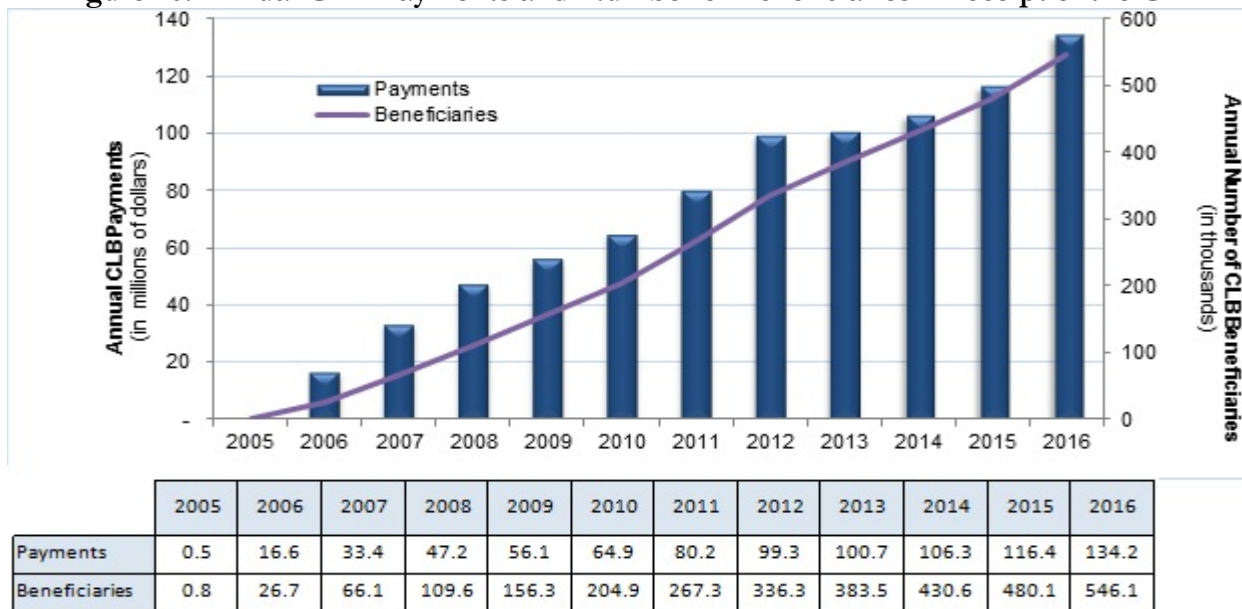


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cumulative Number of Eligible Children (in millions)	0.27	0.46	0.65	0.86	1.09	1.33	1.58	1.82	2.06	2.29	2.53	2.78
Cumulative Number of Beneficiaries in Receipt of the CLB (in millions)	0.00	0.03	0.08	0.14	0.22	0.30	0.39	0.51	0.61	0.72	0.84	0.96
Participation Rate	0.3%	6.0%	11.8%	16.6%	19.8%	22.2%	24.9%	27.9%	29.8%	31.5%	33.1%	34.7%

In 2016, 546,141 beneficiaries received \$134 million in CLB.

This breaks down into 126,979 new beneficiaries who received a minimum of \$500 and 419,162 existing beneficiaries who continued receiving the annual amount of \$100.

Figure 20: Annual CLB Payments and Number of Beneficiaries in receipt of the CLB

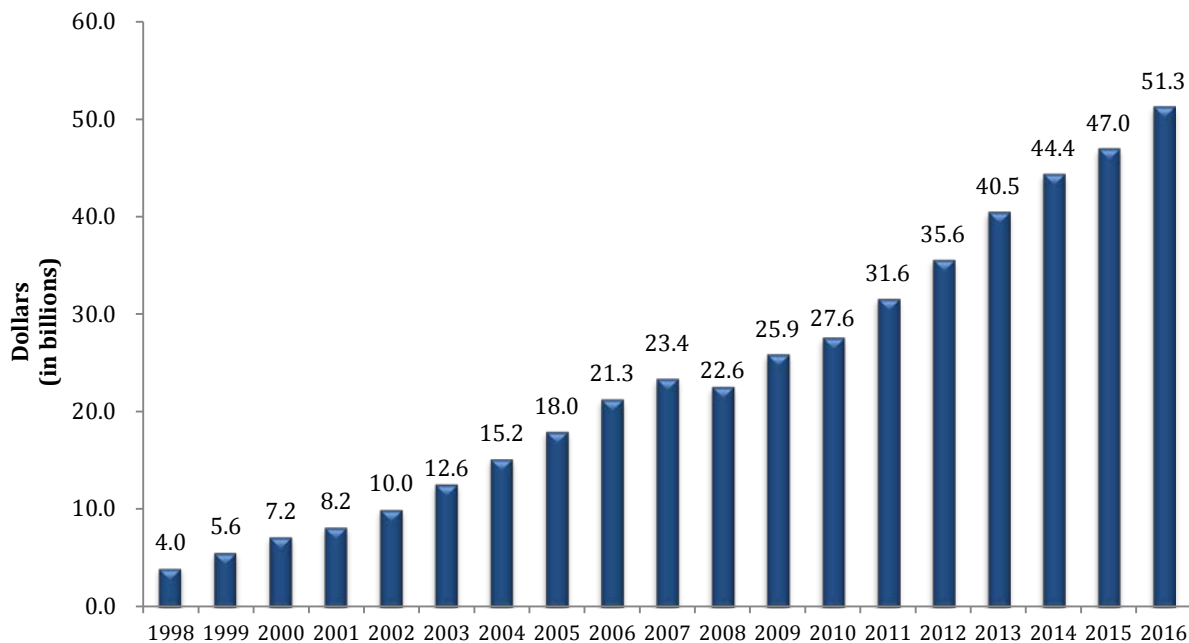


RESPs: Total assets

An RESP is required to access the education savings incentives. Whether a combination of personal contributions and the education savings incentives or incentives alone, the money set aside in these plans grows tax-free until withdrawn when the beneficiaries enroll in PSE.

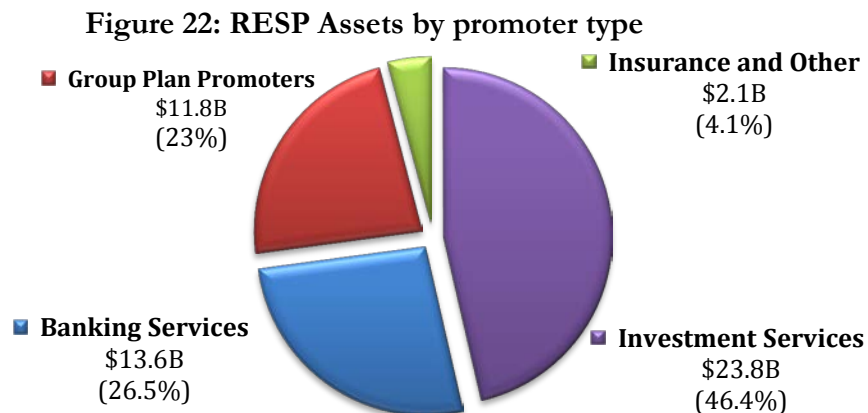
RESP assets reached \$51.3 billion by December 31, 2016. The chart below shows the total market value of assets for each year since 1998, when the CESG was introduced.

Figure 21: Total RESP assets by year



Assets by promoter type

In 2016, Investment Services held the largest RESP market share of 46.4 percent, Banking Services held 26.5 percent, Group Plan Promoters held 23 percent, and Insurance and Other held 4.1 percent.



RESP withdrawals for post-secondary education

The Government of Canada believes that RESPs and education savings incentives make good financial sense for Canadians. Money that accumulates in an RESP may not be enough to fund a complete post-secondary program, particularly when factoring in living and other expenses. However, using RESPs to save for PSE may help reduce the reliance on loans, grants, scholarships and bursaries.

This section looks at those who benefited from RESP funds in 2016. It explains how the withdrawal process works and describes the difference that education savings incentives are making when it comes to the average cost of PSE.

Withdrawing: Education Assistance Payments (EAPs)

EAPs consist of federal and provincial education savings incentives paid into RESPs plus accumulated earnings over time. These amounts can be withdrawn upon proof of enrolment and become taxable income to the beneficiary. Since most beneficiaries earn limited income during their post-secondary studies, the amount of tax payable on this money is generally low.

Total withdrawals: Nationally

In 2016, Canadians withdrew a total of \$3.56 billion to help cover the cost of PSE for 419,611 beneficiaries. The average amount of the withdrawal was \$8,487.

Table 8: Total RESP withdrawals

Year	2011	2012	2013	2014	2015	2016
(1) Total Value (in billions)	\$2.15	\$2.44	\$2.77	\$3.07	\$3.29	\$3.56
(2) Number of Students	310,513	335,934	360,980	382,173	396,957	419,611
(3) Average = (1) / (2)	\$6,926	\$7,255	\$7,671	\$8,045	\$8,298	\$8,487

Total Withdrawals: Beneficiaries who received Basic and Additional CESG

Of the total RESP withdrawals, \$710 million was withdrawn from RESPs for 86,478 beneficiaries from middle- and low-income families³ who had benefited from both the Basic and the Additional CESG. The average withdrawal amount was \$8,207.

Table 9: RESP withdrawals for beneficiaries from low- and middle income families in receipt of both Basic and Additional CESG

Year	2011	2012	2013	2014	2015	2016
(1) Total Value (in millions)	\$210	\$290	\$390	\$490	\$600	\$710
(2) Number of Students	27,580	38,123	49,680	61,586	73,034	86,478
(3) Average = (1) / (2)	\$7,531	\$7,638	\$7,900	\$8,030	\$8,226	\$8,207

³ Note: The number of beneficiaries who have ever received Additional CESG and who have had a withdrawal made from the RESP account is being used as a representation for children from middle- and low-income families who have benefited from RESP funds. However, Canadians who opened an RESP before the introduction of the Additional CESG in 2005 would have had to subsequently request the Additional CESG. Given that some Canadians may not have made the new request for the Additional CESG, the numbers being used to represent middle- and low-income families are considered to be understated.

Total withdrawals: Beneficiaries who received only the Basic CESG

\$2.85 billion was withdrawn from RESPs for 333,133 beneficiaries who had benefited from only the Basic CESG. The average withdrawal amount was \$8,559.

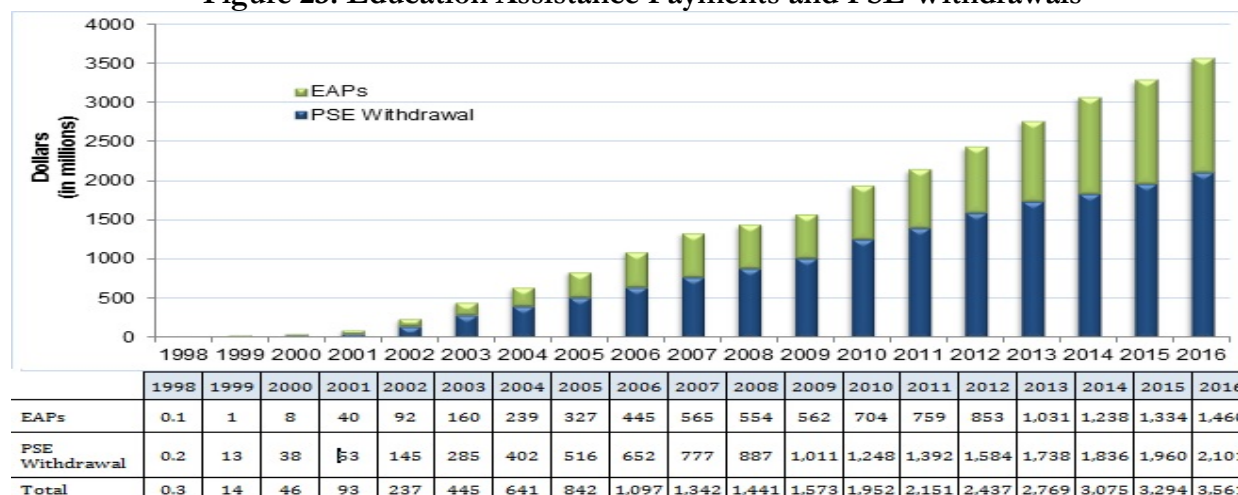
Table 10: RESP Withdrawals for students in receipt of the basic CESG only

Year	2011	2012	2013	2014	2015	2016
(1) Total value (in millions)	\$1,940	\$2,150	\$2,380	\$2,580	\$2,690	\$2,850
(2) Number of Students	282,933	297,811	311,300	320,587	323,923	333,133
(3) Average = (1) / (2)	\$6,867	\$7,206	\$7,635	\$8,048	\$8,314	\$8,559

Breakdown of RESP withdrawals

In 2016, beneficiaries received \$1.46 billion in the form of EAPs and subscribers withdrew \$2.10 billion in the form of PSE withdrawal, for a total of \$3.56 billion RESP withdrawals.

Figure 23: Education Assistance Payments and PSE Withdrawals



Withdrawing personal contributions from an RESP

RESP subscribers can withdraw their personal contributions when the beneficiary enrolls in PSE. There are penalties (i.e., education savings incentives may have to be repaid to the government) to withdraw contributions when a beneficiary named in the RESP is not yet eligible for an EAP. Once requirements are met, the subscriber's RESP promoter will facilitate the withdrawal of their personal contributions in any tax-free increment specified, including a lump sum.

Government of Canada outreach activities

Despite the increased savings in RESPs, there remains room for improvement. In particular, there needs to be more encouragement to open RESPs and to obtain the CLB for children from low income families.

This section describes the primary challenges faced by those who are eligible, yet not receiving, the incentives. In addition, it summarizes government outreach activities and plans to address these challenges.

Challenges to access

The challenges that may be encountered in opening RESPs and applying for the incentives on behalf of an eligible child include:

- low awareness
- lack of documents needed to get a Social Insurance Number, including a child's birth certificate
- low levels of financial literacy, which is instrumental in making investment decisions
- poor experiences with, or limited access to, financial institutions and services
- logistical challenges attending appointments in person at financial institutions, such as transportation, child care, and time off work.

Some groups may have more difficulty overcoming these obstacles than others. These could include newcomers, single parents and Indigenous people, as well as those living in rural or isolated communities.

An updated approach

Since 2013, ESDC has made improvements to encourage greater take-up of these incentives targeted to middle- and low-income families. Three separate application forms, one each for Basic CESG, Additional CESG and the CLB, were combined into one simplified form for ease of access to all education savings incentives. As such, anyone who opened an RESP prior to 2013 may wish to inquire with their financial institution to ensure that beneficiaries receive all of the education savings incentives for which they are eligible.

For several years, including 2016, ESDC conducted several different outreach activities.

Direct contact with eligible families: quarterly, 30,000 to 50,000 letters are sent to families with children newly eligible for, but not yet receiving, the CLB.

Support for community-based organizations: ESDC provides secretariat support to the Canada Learning Bond Champions' Network. The network consists of community-based organizations, financial institutions, and other organizations with an interest in supporting Canadians in accessing the CLB.

Education Savings Week: ESDC also provides secretariat support to the Education Savings Week Working Group. This group consists of community partners engaged in a variety of activities to promote early savings for PSE, and helps raise awareness of the incentives. Education Savings Week

coincides with Financial Literacy Month (November), National Child Day (November 20) and Financial Planners Week.

ESDC is looking to partner with more key stakeholders to increase outreach and help raise awareness of the incentives and the importance of early savings for PSE. ESDC would like to partner with organizations involved in:

- poverty reduction
- services for low-income families
- child welfare
- multicultural services and services for newcomers
- Indigenous services
- education services
- financial intermediary services

With the support of Service Canada and other federal departments, including the Canada Revenue Agency and the Department of Finance, ESDC will continue to work with existing stakeholders to:

- help identify children from middle- and low-income families not already benefiting from the incentives
- offer information on and help with applying for a SIN
- help people open RESPs

THE DATA IN THIS REPORT

Each year, ESDC produces an Annual Statistical Review of the education savings incentives. The report provides statistics on RESPs, the Basic CESG, the Additional CESG and the CLB for the period from January 1 to December 31, 2016, as well as historical data.

The statistical information relates to beneficiaries who have received the CESG and the CLB.

Data sources: The data are sourced from the CESP reporting database, which compiles data from approximately 90 RESP promoters.

Dates: The date on which a transaction between an RESP subscriber and an RESP promoter took place (transaction date) was used for the calculation of both the Basic and Additional CESG and EAPs. Statistics related to the CLB are calculated based on the processing date, which is the date on which the incentive was paid into an RESP.

Rounding: Due to rounding decimal points, numbers presented throughout this report may not add up precisely and may not always exactly reflect the absolute figures.

Aggregation and non-Canadian Residents: National totals include data on beneficiaries whose regional identity is either unknown or outside of Canada; as such, provincial and territorial statistics may not add up exactly to the stated national total.

Historical data: The 2016 report supersedes previous editions. Due to the nature of financial transactions, the data for previous years are also updated because of the existence of transaction reversals, repayments, data errors or reporting by financial institutions that may have been delayed. For example, subscribers may apply for (and beneficiaries may receive) incentives from prior years in which they were entitled that would appear in the CESP administrative database in the current year. Another example is that promoters may report transactions up to three years after they have taken place. Additionally, all figures reported are nominal and thus do not account for inflation.

Readers who require older data or wish to refer to available data should refer to the corresponding data sets on the [Open Government Portal](#), or contact the CESP at 1-888-276-3624 or by email at cesp-pcee@hrsdc-rhdcc.gc.ca.