Registered Education Savings Plan provider user guide

Canada Education Savings Program

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Ce document est aussi disponible en français

Canada Education Savings Program – Registered Education Savings Plan Provider User Guide 2024

Canada Education Savings Program – Registered Education Savings Plan provider user guide

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the [RESP page](#).

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List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Saving Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

ESDC

Employment and Social Development Canada

EAP

Educational assistance payment

RDSP

Registered Disability Saving Plan

RESP

Registered Education Savings Plan

SAGES

Saskatchewan Advantage Grant for Education Savings

SIN

Social Insurance Number

Versions

- **User guide (UG) version:** 3.0

- **Latest update:** January 31, 2024

- **Previous update:** June 8, 2023

- **Version:** 3.0

  - **Description:** There have been program changes related to the incentives that Employment and Social Development Canada (ESDC) delivers. These changes include removal of all mentions of Saskatchewan Advantage Grant for Education Savings (SAGES), recent changes to the *Income Tax Act* announced in *Budget Implementation Act, 2023, No. 1* affecting Registered Education Savings Plans (RESP) and the use of gender-neutral language

- **UG version:** 2.0

- **Latest update:** June 8, 2023

- **Previous update:** January 31, 2023

- **Version:** 2.0

  - **Date:** May 26, 2023

  - **Description:** Updated the 2023 income brackets used to determine the rate of the Additional Canada Education Savings Grant (CESG) on the first $500 or less of the RESP contributions per beneficiary, per year.

What is the RESP provider user guide

The Registered Education Savings Plan (RESP) provider user guide has been developed to support RESP providers' knowledge and understanding of the guiding principles, systems and processes associated with the following education savings incentives:

- the Canada Education Savings Grant (CESG)

- the Canada Learning Bond (CLB)

- the British Columbia Training and Education Savings Grant (BCTESG)

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

Disclaimer

Consult this page frequently for newer versions. The following laws and regulations take precedence over information contained in this guide in the event of discrepancies:

- *Income Tax Act*

- *Canada Education Savings Act*

- *Canada Education Savings Regulations*

- *Special Accounts Appropriation and Control Act*

- *British Columbia Training and Savings Program Regulation*

In this guide

Chapter 1. Registered Education Savings Plan provider user guide – Employment and Social Development Canada's Canada Education Savings Program

From: **Employment and Social Development Canada**

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Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

BN

Business number

CEGEP

Collège d'enseignement général et professionnel

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

CSAA

Children Special Allowances Act

EAP

Educational assistance payment

ESDC

Employment and Social Development Canada

ESP

Education savings plan

FIPPA

Freedom of Information and Protection of Privacy Act

ITA

Income Tax Act

PCG

Primary caregiver

PIB

Personal Information Banks

PIPA

Personal Information Protection Act

PIPEDA

Personal Information Protection and Electronic Documents Act

QESI

Quebec Education Savings Incentive

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

SIR

Introduction

Employment and Social Development Canada (ESDC) is responsible for the administration and delivery of:

- 2 federal education savings incentives linked to Registered Education Savings Plans (RESPs), and

- 1 provincial education savings incentive on behalf of the Government of British Columbia

Within ESDC, the Canada Education Savings Program (CESP) provides:

- the delivery mechanism, and

- the necessary system supports for the effective administration of the federally administered education savings incentives

This chapter provides an at-a-glance overview of each of the education savings incentives. It also outlines the roles and responsibilities of the individuals and organizations that facilitate and participate in the process associated with each incentive.

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

1.1. Education savings incentives

The purpose of education savings incentives is to encourage Canadian residents to save for a child's post-secondary education. It includes:

- full-time and part-time studies at a trade school

- collège d'enseignement général et professionnel (CEGEP) (in French only)

- college

- university, or

- an apprenticeship program

ESDC administers the following education savings incentives:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

The Government of Quebec offers the Quebec Education Savings Incentive (QESI), a provincial education savings incentive paid under Quebec legislation. ESDC does not administer the QESI.

The *Canada Education Savings Act* authorizes the payment of the CESG and the CLB.

Under the *Income Tax Act* (ITA), a designated provincial program is a program established under the laws of a province.

1.1.1. CESG at-a-glance

The CESG consists of:

- a basic amount of the CESG (Basic CESG), introduced in 1998, and

- an additional amount of CESG (Additional CESG), introduced in 2005

The annual CESG amounts on annual contributions are:

- **Basic CESG rate of 20%** on annual contributions made to an RESP in respect of a beneficiary. The amount of annual Basic CESG payable per beneficiary to the lesser of the following amounts:

  - accumulated grant room available for the beneficiary

  - annual limit of $1,000 per beneficiary

- **Additional CESG rate of 10% or 20%** on the first $500 or less of annual contributions made in respect of a beneficiary

Eligibility for the Additional CESG, Additional CESG rates are depending on the individual primary caregiver's (PCG) adjusted income:

- **additional 10%**: adjusted income is greater than $53,359 [Footnote1] but less than or equal to $106,717 [Footnote1]

- **additional 20%**:

    - the adjusted income is less than or equal to $53,359 [Footnote1], or

    - the child is in the care of an agency which receives payments under the *Children's Special Allowances Act* (CSAA)

The Canada Revenue Agency (CRA) confirms those beneficiaries eligible to receive the additional 10% and 20% CESG. The rates are depending on their individual primary caregiver's adjusted income.

To learn more about the CESG, refer to Chapter 5. The Canada Education Savings Grant.

1.1.1.1. Grant room and carry forward

As of 1998, grant room (unused Basic CESG) accumulates for a child until the end of the year in which he turns 17. It accumulates even if the child is not a beneficiary of an RESP. Unused Basic CESG will carry forward for possible use in future years:

- **1998 to 2006**: the CESP adds $400 to the grant room for each eligible child per year since 1998, or since birth, if the child is born after 1998

- **since 2007**: the CESP adds $500 to the grant room for each eligible child per year since 2007, or since birth, if the child is born after 2007

The eligibility for the Additional CESG is made annually, based on reported income information applicable at that time. Consequently, rights to the Additional CESG **cannot carry forward** for use in future years. The

Additional CESG payments made to an RESP in respect of a beneficiary do not affect the grant room.

1.1.2. CLB at-a-glance

The CLB is available for an eligible child born in 2004 or later. Since July 1, 2017, the CLB eligibility is based, in part, on:

- the number of qualified children, and

- the adjusted income of the individual primary caregiver

The individual primary caregiver is the person eligible to receive the Canada child benefit (CCB). For children in care, the public primary caregiver is eligible to receive payments under the *Children's Special Allowances Act* (CSAA).

The CLB is a federal education savings incentive directed to a specific child and consists of 2 types of payments:

- **an initial CLB payment of $500** for the first year the child is eligible, and

- **subsequent CLB payments of $100** for each following year that the child is eligible. The CLB is payable up to and including the year in which the child turns 15

The maximum lifetime CLB limit is $2,000. The amount of CLB that a beneficiary receives is dependent on how many years the beneficiary meets the eligibility criteria. An eligible child can request accumulated CLB entitlements up to their 21st birthday. After that, all accumulated CLB entitlements will be forfeited.

ESDC will keep track of the CLB entitlements as they accumulate for each child, even when the child has not been named as the beneficiary of an RESP.

The CLB does not depend on contributions made to the RESP. However, a subscriber must open an RESP and name a child as a beneficiary before the

CLB entitlements can be paid. As of January 1, 2022, a person that is 18 to 20 years old may qualify to open an RESP. This person is both the subscriber and the beneficiary, and therefore applies for the CLB on their own behalf.

To learn more about the CLB, refer to [Chapter 6. The Canada Learning Bond](#).

1.1.3. BCTESG at-a-glance

The BCTESG is available for children born on or after January 1, 2006.

The custodial parent or a legal guardian and the beneficiary must be residents of British Columbia when they apply for the BCTESG.

The BCTESG is a $1,200 one-time grant payment per eligible beneficiary. When an eligible child turns 6 years old, the subscriber may be able to apply for the grant.

To learn more about the BCTESG eligibility criteria and application processes, refer to [Chapter 7. British Columbia Training and Education Savings Grant](#).

1.2. An overview of roles and responsibilities

To administer education savings incentives payments, ESDC partners with:

- RESP promoters
- the CRA
- the Social Insurance Registry (SIR)
- the Government of British Columbia

Each organization shares information and manages processes. It enables ESDC to deposit the education savings incentives into an RESP in respect of an eligible beneficiary.

The following individuals also play a key role in an RESP opened in respect of a beneficiary:

- the subscriber(s)

- the custodial parent(s) or legal guardian(s)

- the primary caregiver and their cohabiting spouse or common-law partner, if applicable

The following pages provide an overview of their respective roles and responsibilities, starting with the subscriber.

1.2.1. Subscriber

In order for a beneficiary to receive any of the education savings incentives, the subscriber must:

- meet with a **participating RESP promoter**

- open an education savings plan (ESP) and name a beneficiary, and

- request the registration of that the ESP be registered with the CRA via the CESP system

  - **Note**: To receive the Additional CESG, the CLB and the BCTESG:

    - the ESP must be an individual (non-family) plan, or a family plan in which all beneficiaries are siblings, and

    - it must be registered by the CRA

    - ensure the beneficiary meets all eligibility criteria for the education savings incentive(s)

    - make contributions to the RESP without exceeding the lifetime limit of $50,000 per beneficiary

Note: Payment of the CLB and the BCTESG do not depend on contributions. However, the deposit of contributions is a prerequisite for the CESG

- apply for the incentive(s) in respect of an eligible beneficiary by completing the appropriate application form

For more information about the application process, refer to [Appendix A. Application forms – education savings incentives](#).

1.2.2. Custodial parent or legal guardian

Education savings incentives payments administered by ESDC require the beneficiary's Social Insurance Number (SIN).

As a first step, the custodial parent or legal guardian must:

- obtain a copy of the child's birth certificate

- apply for and obtain a SIN for the child

For the BCTESG, the subscriber and the parent or legal guardian (if applicable) must:

- complete and sign the application for the British Columbia Training and Education Savings Grant

1.2.3. PCG, cohabiting spouse or common-law partner

A person is the individual PCG of a beneficiary if they are eligible to receive the CCB for the beneficiary.

To request the Additional CESG and the CLB for a beneficiary under 18 years of age:

- an individual PCG must provide their name and SIN on the CESP application form (ESDC SDE 0093). As of January 1, 2018, if applicable, the information provided can be from their cohabiting spouse or common-law partner. The CESP uses the PCG's adjusted income, in part, to validate eligibility for the CLB and the Additional CESG

- by completing and signing the CESP application form (ESDC SDE 0093), this person is providing their information to validate eligibility for the Additional CESG or the CLB. They are also designating the RESP to receive these incentives in trust

- the CRA calculates an individual PCG's adjusted income using, in part, the net income reported on line 23600 of tax returns. It includes the PCG's cohabiting spouse or common-law partner, if applicable

- an organization is the public PCG of a beneficiary if it is entitled to receive payments for the beneficiary under the CSAA. A public PCG must provide their business number (BN) to request the Additional CESG and the CLB

Adult beneficiaries and CLB application

Since January 1, 2022, there is a new way for beneficiaries 18 to 20 years old to access their CLB entitlement. They may qualify to open an RESP in which they are both the subscriber and the beneficiary. They can therefore apply for the CLB on their own behalf.

To request the CLB for a beneficiary of said ages, whether or not they are the subscriber to the RESP:

- the promoter must provide the CESP application form ESDC SDE 0107 to the adult beneficiary to complete and sign:

    - this form does not collect any PCG information (contrary to the CESP application form ESDC SDE 0093)

    - it must include the name and signature of all subscribers of the RESP selected to receive the CLB

1.2.4. RESP promoter

Throughout the RESP life cycle, the RESP promoter is responsible for:

- managing the information and transactional processes associated with the RESP and education savings incentives requirements

- enrolling with the CRA as an RESP promoter. During this process, RESP promoters will submit proposed specimen plans to the CRA. Upon approval, they will receive a specimen number for each plan

- enrolling with ESDC as a participating RESP promoter. This requires the RESP promoter and their trustee to:

    - enter into a formal agreement with ESDC in order to offer the applicable education savings incentives

    - undergo and pass industry system testing to ensure compliance with the CESP system requirements

For more information about the enrollment process, contact ESDC by email at: NC-INSCRIPTION_ENROLMENT-GD@hrsdc-rhdcc.gc.ca

To receive education savings incentives administered by ESDC, promoters can assist their clients in opening RESPs by:

- collecting from the subscriber the information required to open and register an ESP and to apply for the education savings incentive(s). Promoters must protect this information according to federal and provincial privacy requirements. For more information, refer to 1.3. Federal and provincial privacy requirements

- registering ESPs with the CRA via the CESP system

- assisting subscribers in applying for the applicable education savings incentives in respect of eligible beneficiaries

- submitting contract and financial information to the CESP system electronically and according to a specified format. This information includes RESP and incentive-related data. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards

- tracking contributions (assisted and unassisted), earnings, the CESG, the CLB and the BCTESG in separate RESP notional accounts

- advising the subscriber when they receive incentive payments or if repayments are required

- transferring funds to another RESP based on a request from the subscriber. This may include collaborating and communicating with other RESP promoters

- maintaining a record of all RESP transactions. They must report this information, to the CESP system and, includes all:

  - contributions

  - withdrawals

  - educational assistance payments (EAPs)

  - transfers

  - other transactions

- receiving requests for EAPs from the subscriber or beneficiary, and verifying the beneficiary's eligibility for such payments

- making EAPs and calculating the portion of the EAP attributable to each incentive. For more information, refer to Chapter 10. Post-secondary education and educational assistance payments, and

- advising the subscriber of potential options for distributing funds remaining in the RESP prior to terminating the RESP, including:

  - accumulated income payment (AIP)

  - rollover of the AIP from an RESP to an RDSP

  - transfer of the AIP from an RESP to an RRSP, or

  - payment to a designated post-secondary educational institution

For more information, refer to Chapter 11. Options for assets remaining in the Registered Education Savings Plan.

Unless otherwise specified, the procedures associated with each of the above responsibilities are in these chapters:

1.2.5. Employment and Social Development Canada

ESDC is responsible for the administration and delivery of a number of education savings incentives available to eligible beneficiaries of RESPs. Within ESDC, the CESP provides the delivery mechanism and necessary system supports to administer effectively these incentives. The CESP:

- receives the contract, beneficiary, and subscriber information needed to register ESP contracts

- verifies this information, and communicates the request to register the ESP with the CRA

- administers the education savings incentives authorized by the *Canada Education Savings Act*. This includes the CESG and the CLB

- determines eligibility for the Additional CESG and for the CLB, based on information pertaining to the beneficiary's primary caregiver. The CESP obtains this information through an information-sharing process with the CRA

- processes the BCTESG payments in collaboration with the Government of British Columbia, and

- receives and processes transactions submitted to the CESP system. This includes information associated with:

    o the RESP contract

    o the beneficiary and subscriber, and

    o various financial transactions

The procedures within this guide outline how the CESP system interacts with the RESP promoter in each of these circumstances.

1.2.6. Canada Revenue Agency

The effective administration of the CESP depends on the collaborative partnership with the CRA.

The CRA is responsible for:

- administering the registration of ESPs according to the requirements set out under the ITA
- sharing information for the purposes of confirming a beneficiary's eligibility for the Additional CESG and the CLB, and
- confirming a beneficiary is a child in care of an agency receiving payments under the CSAA

For the purposes of the Additional CESG:

- the CRA validates eligibility based on the adjusted income level of the beneficiary's individual primary caregiver

For more information, refer to [Chapter 5. The Canada Education Savings Grant](#).

For the purposes of the CLB:

- the CRA validates eligibility based, in part, on the number of qualified children and the adjusted income of the beneficiary's individual primary caregiver

For more information, refer to [Chapter 6. The Canada Learning Bond](#).

1.2.7. British Columbia Government

The Government of British Columbia:

- funds the BCTESG program, and

- has an agreement with ESDC to deliver this initiative

Within ESDC, the CESP utilizes its system and the existing program framework to:

- administer and deliver the BCTESG on behalf of the province of British Columbia

For more information, refer to [Chapter 7. British Columbia Training and Education Savings Grant](#).

1.3. Federal and provincial privacy requirements

To apply for education savings incentives, promoters must collect information about:

- the subscriber

- the beneficiary

- the custodial parent or legal guardian, and

- the PCG or the individual PCG's cohabiting spouse or common-law partner

Federal and provincial privacy legislation stipulates how organizations in the private sector must:

- manage the collection, storage and use of personal information

It is important for promoters to be aware of and understand the privacy legislation in place in each jurisdiction.

1.3.1. Federal privacy legislation

Canada has 2 federal privacy laws:

- *Privacy Act*

- *Personal Information Protection and Electronic Documents Act* (PIPEDA)

The *Privacy Act*:

- gives individuals the right to access and request correction of their personal information held by federal government institutions, and

- specifies how the government can collect, use, disclose, and retain personal information

It requires that government institutions develop and maintain an index of personal information holdings called Personal Information Banks (PIBs).

The index is a means of organizing information for the purpose of public access. This ensures the registration of PIBs and that they are approved and identified in [Info Source](#).

The Act provides the legal framework for protecting personal information, accessing personal information, data-matching, and controlling the use of SINs. For more information about the *Privacy Act*, visit the web site of the [Office of the Privacy Commissioner of Canada](#).

The **PIPEDA** is a federal legislation that protects personal information. PIPEDA sets out principles that organizations, individuals, associations, partnerships, and trade unions must follow. Those principles apply when collecting, using, and disclosing personal information in the course of a commercial activity.

PIPEDA applies to the commercial activities of:

- the federally regulated private sector (such as banks)

- retail sector

- publishing companies

- service industry

- manufacturers, and

- other provincially regulated organizations

For more information about PIPEDA, visit the web site of the [Office of the Privacy Commissioner of Canada](#).

The federal government may exempt:

- organizations or activities in provinces that have their own privacy laws if they are substantially similar to the federal law

PIPEDA will continue to apply in those provinces to the federally regulated private sector. It will also apply to personal information in inter-provincial and international transactions by all organizations engaged in commercial activities.

Oversight of both federal Acts rests with the Privacy Commissioner of Canada who has the authority to receive and investigate complaints.

1.3.2. Provincial privacy legislation

The province of British Columbia has its own privacy legislations named the:

- *Freedom of Information and Protection of Privacy Act* (FIPPA)

- *Personal Information Protection Act* (PIPA)

In the public sector, **FIPPA** gives individuals the right to request records that contain:

- their personal information, and

- records such as reports, audits, and financial information of the public body

In the private sector, **PIPA** gives individuals the right to request access to:

- their personal information in the custody or control of a private sector organization

Both **FIPPA** and **PIPA** set out the rules that public bodies and organizations must follow when handling personal information including:

- the collection

- the use, and

- the disclosure of personal information

For more information about **FIPPA** and **PIPA**, visit the web site of the [Office of the Information and Privacy Commissioner for British Columbia](#).

1.4. The education savings incentives processes - An overview

The following number list provides an overview of the application and payment process for the education savings incentives administered by ESDC:

1. open education savings plan (ESP) and have it Registered (RESP)

2. assist subscriber in reviewing the beneficiary's eligibility for the education savings incentive(s)

3. complete the appropriate application form(s) and apply for the incentive(s)

4. facilitate any transfers between RESPs

5. receive, deposit, track incentive payments in RESP accounts

6. submit repayment of incentive(s) **if** required

7. make EAPs to eligible beneficiaries attending post-secondary education

8. assist subscriber in distributing remaining RESP earnings

Note: Step 1, 3, 6 and 7 require the submission of electronic transactions to the CESP system.

For more information about submitting these transactions, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

Footnotes

Footnote 1

These figures are based on 2023 income levels; income levels are indexed annually by the Canada Revenue Agency (CRA).

Chapter 2. Registered Education Savings Plan provider user guide – Key concepts

From: [Employment and Social Development Canada](#)

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On this page

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List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CESA

Canada Education Savings Act

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

ESP

Education savings plan

ESDC

Employment and Social Development Canada

FMV

Fair market value

ITA

Income Tax Act

ITS

> Interface Transaction Standards

QESI

> Quebec Education Savings Incentive

RESP

> Registered Education Savings Plan

SIN

> Social Insurance Number

Introduction

There are a number of legislative and program elements that govern the delivery and administration of the following education savings incentives:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

Throughout this guide, we refer to these elements as "key concepts". Unless otherwise indicated, the key concepts in this chapter apply to all education savings incentives. To view concepts that are unique to a particular incentive, refer to the following chapters:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

Relevant key concepts appear immediately following the corresponding eligibility criteria. An understanding of these concepts and requirements is

very important. It will allow Registered Education Savings Plan (RESP) promoters to:

- assist the subscriber to apply for, and

- receive the education savings incentive(s) for which they qualify

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

2.1. Legislative authorities – Employment and Social Development Canada and the Canada Revenue Agency

Employment and Social Development Canada (ESDC) and the Canada Revenue Agency (CRA) work together in administering the education savings incentives and RESPs. They do so under the following legislative authorities:

- the *Income Tax Act* (ITA) governs RESPs – the vehicle used to deposit education savings incentives and save for the beneficiary's post-secondary education

- the *Canada Education Savings Act* (CESA) authorizes payment of the CESG and the CLB

- the *Canada Education Savings Regulations* determine eligibility and ongoing administration of the CESG and the CLB

- the *Special Accounts Appropriation and Control Act* authorizes the payment of the BCTESG

2.2. RESPs

The subscriber initiates the incentive application process by entering into an education savings plan (ESP) with an RESP promoter. They also request at the same time the registration of the ESP with the CRA. Once successfully

registered, it becomes a RESP. The RESP then becomes the account for contributions, education savings incentive payments, and accumulated earnings. For more information, refer to [Chapter 4. Registered Education Savings Plans](#).

Certain incentives may have particular RESP-related requirements. Such requirements are addressed within the related incentive in the following chapters:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

2.3. RESP contribution limits

From 1998 to 2006, the ITA limited RESP annual contributions to a maximum of $4,000. The lifetime contributions limit was up to a maximum of $42,000 per beneficiary. For 2007 and future years, there is no longer an annual contribution limit. The lifetime contribution limit is now $50,000 per beneficiary.

The payments of education savings incentives into an RESP are not considered to be RESP contributions. Therefore, they are not included when calculating RESP contribution limits.

2.4. Social Insurance Number (SIN)

The Social Insurance Number (SIN) is a key information element used by the Canada Education Savings Program (CESP) system. For more information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

Both the subscriber and beneficiary require a SIN in order to establish and register an ESP.

When requesting the Additional CESG and the CLB for a beneficiary under 18 years of age, the SIN information of the individual primary caregiver (PCG) or their cohabiting spouse or common-law partner is also required. This information is not required when applying for the CLB for a beneficiary between 18 and 20 years of age. For a beneficiary in care of a public PCG, the promoter will require their business number (BN) to request these education savings incentives. When applying for the CLB for a beneficiary between 18 and 20 years of age, the PCG information is not required.

When applying for education savings incentives, verify SIN requirements outlined with the individual education savings incentive in the following chapters:

- Chapter 5. The Canada Education Savings Grant

- Chapter 6. The Canada Learning Bond

- Chapter 7. British Columbia Training and Education Savings Grant

2.5. The beneficiary's SIN – A unique identifier

The CESP system uses the beneficiary's SIN to:

- provide the CRA with registration information about the plan

- track RESP contributions and the education savings incentive payments for the beneficiary

- determine if the beneficiary has reached the contribution and education savings incentive limits

The beneficiary's SIN information is subject to rigorous validation checks. It is critical to verify the accuracy of this information when completing the RESP process and applying for education savings incentives.

Accurate information ensures that education savings incentive requests can be processed. The beneficiary must be established in the CESP system

before a request for an education savings incentive can be processed. To do this, the beneficiary's SIN is compared and validated against 5 key data elements held in the Social Insurance Registry (SIR):

- first name

- last name

- date of birth

- SIN

- gender

To apply for the education savings incentives, the RESP promoter must submit beneficiary information. They must match the data held at SIR. Otherwise, an error report will be sent to the RESP promoter, identifying the field(s) in error. Until the correction is made and resubmitted to the CESP system, payment of the education savings incentives will be delayed. For more information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

Custodial parents and legal guardians can request a free confirmation of the beneficiary's SIN information at a Service Canada office. This will avoid education savings incentive payment delays due to inaccurate information.

2.5.1. Applying for a SIN

The SIN application form and related information are available at a Service Canada office or by following [Service Canada SIN application form](#).

2.6. Notional accounts and the education savings incentives

RESP consists of the following **notional accounts**:

- assisted contributions made to the RESP by the subscriber

- unassisted contributions made to the RESP by the subscriber

- CESG – combines the Basic CESG and the Additional CESG

- CLB – maintained in separate notional accounts for each beneficiary

- provincial incentives – maintained in separate notional accounts for each designated provincial program

- earnings

RESP promoters are responsible for maintaining records and books of account. This will enable ESDC to determine if they can pay education savings incentives or if promoters need to repay incentives.

When a financial transaction is processed, funds are deposited into or withdrawn from the appropriate notional account. This will depend on the nature of the transaction.

For example, they deposit contributions into the contribution notional account and education savings incentives into the related notional accounts (example: the CESG is deposited into the CESG notional account).

For education savings incentives administered by ESDC, the CESP system tracks these various activities. This is done for each beneficiary, to ensure they do not exceed the limits. When all or a portion of an education savings incentive must be repaid, the amount is withdrawn (repaid) from the notional account of that incentive.

You can find the requirements for reporting RESP transactions to the CESP system in the CESP Interface Transaction Standards (ITS). A downloadable version of the ITS is available on the [Resources for RESP promoters](#) web page under the **Systems documentation** tab.

2.6.1. Provincial incentives

An RESP promoter must be able to track transactions associated with each of the designated provincial programs that the promoter delivers to the public.

For example:

- promoters delivering the BCTESG have notional accounts to track all activities associated with the BCTESG. As ESDC administers the BCTESG, they report transactions associated with the BCTESG to the CESP system. The promoter reports them using the BCTESG notional account

- promoters delivering the Quebec Education Savings Incentive (QESI) have notional accounts to track all activities associated with the QESI. As ESDC does not administer the QESI, promoters do not report specific QESI amounts associated with RESP transactions to the CESP system

Reporting QESI data to the CESP system, promoters must include all assets in RESPs when reporting the fair market value (FMV) of a RESP. They report this information in their monthly summary reports (RT 700). As such, the FMV amount should include education saving incentives from all sources present in the RESP. This includes the QESI if applicable.

Promoters are not required to report specific QESI amounts in educational assistance payment (EAP) transactions reported to the CESP system. However, if there are QESI amounts in an EAP, they must be included in the total EAP amount.

2.7. Key concepts specific to incentives

There are other important key concepts associated with, and unique to, each of the education savings incentives. We define and elaborate on them within each related chapters following:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

You can find them immediately after the corresponding eligibility criteria.

Chapter 3. Registered Education Savings Plan provider user guide – The Canada Education Savings Program system and Interface Transaction Standards

From: [Employment and Social Development Canada](#)

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the [RESP page](#).

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- [List of acronyms](#)

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- [3.1. CESP system overview](#)

- [3.2. Interface Transaction Standards (ITS)](#)

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- [3.5. Processing other RESP transactions](#)

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

ESDC

Employment and Social Development Canada

ITS

Interface Transaction Standards

RESP

Registered Education Savings Plan

RT

Record type

TT

Transaction type

Introduction

Once the appropriate forms are completed and signed, the Registered Education Savings Plan (RESP) promoter sends key information electronically to the Canada Education Savings Program (CESP) system. They

must also send the transactions for the incentive(s) administered by Employment and Social Development Canada (ESDC). The RESP promoter's back office or an external service provider is usually the one who handles this.

The RESP promoter plays a key role to ensure the CESP system receives the information it requires to:

- register Education Savings Plans (ESPs) with the Canada Revenue Agency (CRA)

- process transactions for the following incentives administered by ESDC:

    o Canada Education Savings Grant (CESG)

    o Canada Learning Bond (CLB)

    o British Columbia Training and Education Savings Grant (BCTESG)

This chapter provides an overview of the CESP system. It also provides details on the type of information exchanged between the RESP promoters and the CESP system.

For more information, refer to section Appendix C for a list of acronyms and terms used in this guide.

3.1. CESP system overview

3.1.1. What is the CESP system

The CESP system is an ESDC electronic application that supports the delivery of federal and provincial education savings incentives administered by ESDC. The CESP system enables the exchange of electronic information with the following partners:

- RESP promoters

- Social Insurance Registry (SIR)

- Canada Revenue Agency (CRA)

When a subscriber opens an Education Savings Plan (ESP), the RESP promoter assists the subscriber in completing the appropriate forms. The RESP promoter will collect 2 categories of non-financial information:

- information about the contract itself

- information about the subscriber and the beneficiary

The RESP promoter submits the initial transactions for a new ESP to the CESP system. For more information, refer to section [3.4.1. Transactions required to set up an RESP](#).

Once the validation of this information is complete, the CRA can register the contract to become an RESP. The beneficiary will be established in the CESP system and it can process financial transactions, such as:

- contributions

- requests for incentives

- repayment of incentives

- educational assistance payments (EAPs)

- etc.

Information exchanged between the RESP promoter and the CESP system allows ESDC to:

- verify contract, subscriber, and beneficiary information

- submit requests to the CRA to register ESPs

- verify the primary caregiver (PCG) or the PCG's cohabiting spouse or common-law partner information

- confirm eligibility for the incentives administered by ESDC

- monitor transactions related to limits for each beneficiary, and

- track payments and repayments of incentives administered by ESDC

The CESP system also generates reports concerning a designated provincial program administered by ESDC for the following provincial government:

- the Government of British Columbia

3.1.2. CESP system terminology

Some key terms related to the CESP system are used in this chapter and throughout this guide.

Business number (BN): The business number (BN) is a 15 character alphanumeric code. It identifies the RESP promoter or agent authorized to submit transactions to the CESP system.

Interface Transaction Standards (ITS): The ITS is a document that specifies the procedure for formatting and electronically submitting transactions to the CESP system. For more information, refer to section 3.2. Interface Transaction Standards (ITS).

Record type (RT): The ITS uses a series of record types (RT) to categorize the information. That information is exchanged between the RESP promoter's system and the CESP system. For example, **RT 100** identifies a record that describes the contract information of an RESP. For more information, refer to section 3.2.3. Record types and transaction types.

Transaction type (TT): A 2 digit number breaks down record types (RT) of promoter transactions into distinct transaction types (TT). For example, we refer to a financial transaction that reports an RESP contribution as a 400-11 transaction. For more information, refer to section 3.2.3. Record types and transaction types.

3.1.3. Monthly CESP system processing cycle

The CESP system processes transactions submitted by RESP promoters and pays the corresponding incentives on a monthly basis.

3.1.3.1. Managed secure file transfer

RESP promoters must use managed secure file transfer (MSFT) software to send data to the CESP system via the Internet. ESDC recognizes it as a secure method of data encryption and is Entrust enabled.

3.1.3.2. Schedule of cut-off dates for production runs

ESDC provides schedules identifying applicable processing dates, which include:

- processing periods

- production run cut-off dates

- payment dates

These schedules are forwarded to RESP promoters as an electronic bulletin. They are also available on the [Resources for RESP promoters](#) web page under the **Systems documentation** tab.

3.1.3.3. Reporting and processing periods

Each calendar month corresponds to a specific reporting period in which promoters:

- generate new RESP transactions as they occur, and

- correct transactions that were either rejected or not submitted accurately to the CESP system in previous periods

Each processing period begins after the last day of the corresponding reporting period, on the first day of the following month. The CESP system processes promoter files that are submitted by 5 pm, Eastern Time, on the fourth business day of each month. These files cannot include any transactions that occurred after the last day of the corresponding reporting period.

3.1.4. Process overview

The following overview describes how the CESP system processes RESP transactions:

1. **RESP promoter**: submits transactions electronically to the CESP system for the reporting period. Promoters use non-financial transactions to request registration of the ESP. Other transactions involve the incentives administered by ESDC. For more information, refer to section 3.2.3. Record types and transaction types and 3.4. Setting up an RESP

2. **CESP system**: retrieves the submitted transactions and uploads them to the CESP system

3. **CESP system**: validates non-financial transactions:

   - confirms completion of mandatory fields and proper formatting based on the ITS (example: submit date fields as YYYYMMDD)

   - verifies compliance with business rules (example: beneficiary's age) and conducts Social Insurance Number (SIN) validation

SIN validation (for more information, refer to section 3.4.1.2. Beneficiary information (200-03)

The CESP system conducts a preliminary validation on the SIN itself before submitting the remaining SIN information to SIR for validation

If the beneficiary SIN fails the preliminary CESP validation, the transaction is rejected and the promoter receives an RT 800 in the transaction error report

If the beneficiary SIN passes preliminary CESP validation, the beneficiary information is sent to SIR for validation

If SIR validation fails, the transaction is rejected and the promoter receives an RT 800 in the transaction error report that specifies which fields did not match

If SIR validation is successful, the beneficiary is added to the CESP system database and an RT 900 in the transaction processing report is sent to the RESP promoter

4. **CESP system**: once all contract information has been validated, communicates to the CRA the request to register the ESP

5. **CESP system**: processes transactions that have an impact on the incentives administered by ESDC. If the transaction includes a request for the CLB and/or the Additional CESG, the CESP system confirms the following with the CRA:

   ○ information provided for the beneficiary's PCG or the PCG's cohabiting spouse or common-law partner matches CRA records for the beneficiary

   ○ the beneficiary is a dependent of the PCG, and

   ○ the beneficiary is eligible for the CLB and/or the Additional CESG

6. **CESP system**: generates reports to RESP promoters. It informs them of the production results, including the payment or a repayment of incentives administered by ESDC

CESP system reports (for more information, refer to section 3.3.1. Monthly CESP system reports)

The RESP promoter receives confirmation of the status for each transaction submitted to the CESP system. This confirmation comes from the following monthly system reports:

   ○ **transaction error report (RT 800)**: advises that validation has failed, or information submitted is missing, incorrect, or incorrectly formatted. The transaction must be corrected and resubmitted

   ○ **severe error report (RT 850)**: identifies severe errors and advises that the record is rejected and must be corrected and resubmitted

- **transaction processing reports (RT 900 + RT 911)**: acknowledges that a transaction has been successfully processed

- **SIN validation report (RT 920)**: advises that validation of the beneficiary's SIN with SIR has revealed that the SIN is not usable, usable or linked

- **contract registration report (RT 950)**: acknowledges that the contract is eligible for registration

7. **CESP system**: based on processing results of financial information:

   - updates beneficiary accounts, including the total amounts of incentives administered by ESDC paid in respect of each beneficiary

   - updates specimen plan information including the total amount paid for incentives administered by ESDC. This occurs for each specimen plan to identify and track liability for these incentives

8. **the CESP**: forwards an electronic bulletin to inform RESP promoters when report files are ready to be downloaded using MSFT

9. **CESP system**: sends the payment to the RESP promoter's account

10. **RESP promoter**: uses the transaction processing report to update contract accounts. This could include:

    - information regarding "registerable" status of the contract

    - payments or repayments of incentives administered by ESDC

    - transfers

    - EAPs

11. **RESP promoter**: uses the transaction error report and severe error report to identify rejected transactions. The promoter can then submit the required transactions to correct errors

3.2. Interface Transaction Standards (ITS)

3.2.1. What is the ITS

The ITS specifies how RESP promoters and the CESP system exchange electronic information by:

- outlining procedures for formatting and submitting transactions, and

- describing how the CESP system validates and processes the transactions

The ITS is available on the [Resources for RESP promoters](#) web page under the **Systems documentation** tab. The CESP communicates amendments of the ITS to RESP promoters via an electronic bulletin.

3.2.2. What is a record

RESP promoters send files with RESP transactions to the CESP system for processing. Afterwards, the CESP system sends report files back to the promoters. Both files can contain any number of records.

A record is:

- a series of up to 500 characters on 1 line

- a collection of fields in groups of adjacent characters, and

- detailed information about 1 transaction

3.2.3. Record types and transaction types

The record type (RT) and transaction type (TT) fields categorize promoter transaction records. For example, EAP transactions may be called "400-13" transactions because they have an RT of 400 (positions 1 to 3) and a TT of 13 (positions 42 to 43).

Transaction records according to the record type (RT) and transaction type (TT):

- non-financial transactions required to register an RESP:

    - 100-01: contract information

    - 200-03: beneficiary information

    - 200-04: subscriber information

- transactions with a financial impact on RESPs:

    - 400-11: contribution (and possible request for the CESG)

    - 400-13: EAP

    - 400-14: PSE contribution withdrawal

    - 400-19: transfer in (contract)

    - 400-21: incentive repayment

    - 400-22: termination adjustment

    - 400-23: transfer out (contract)

    - 400-24: request for CLB payment

    - 411-40: BCTESG request

    - 411-41: cancel BCTESG request

    - 511-12: PCG/spouse information

- summary records:

    - 700-none: summary report transaction (RESP fair market value)

3.2.4. Common fields in promoter transactions

The first 7 fields (positions 1 to 68) are common and mandatory for all RESP promoter transactions. ITS validation rules identify other mandatory fields for each record type.

Table 1: Common and mandatory fields for all RESP promoter transactions

Field name	Positions	Notes
Record type	1 to 3	Identifies the record type.
Transaction date	4 to 11	The date an event occurred format: YYYYMMDD.
Promoter transaction ID	12 to 26	Unique number assigned by the promoter to track each transaction.
Promoter BN	27 to 41	Unique number assigned to each promoter for the CESP system.
Transaction type	42 to 43	Used to categorize the type of promoter transaction.
Specimen plan ID	44 to 53	Unique number assigned by CRA for each specimen plan.
Contract ID	54 to 68	Unique number assigned by the promoter to identify an RESP.

The CESP system rejects all promoter transactions that do not include the mandatory information. Depending on which field is missing, the CESP system will generate either:

- an RT 850 in the severe error report, or

- an RT 800 in the transaction error report with a 7005 error code

3.2.5. Record types in CESP system reports

The record type (RT) also categorizes records generated by the CESP system in report files. The following table shows key record types used in these reports. For more information, refer to section 3.3. CESP reports.

Table 2: Key record types

CESP system report files	RT	Frequency
Transaction error report (.err)	800	Monthly
Severe error report (.ser)	850	Monthly
Transaction processing report (.pro)	900 and 911 (refer to Table 3)	Monthly
SIN validation report (.svr)	920	Monthly
Contract registration report (.reg)	950	Monthly
Referral report (.ref)	960	Daily

Table 3: Record types in the transaction processing report (.pro)

Record types	RT	Frequency
Financial transactions	900	Monthly
BCTESG transactions	911	Monthly

3.2.6. System compliance and industry testing

All participating financial institutions offering education savings incentives administered by ESDC must ensure their system can:

- communicate with the CESP system, and

- comply with the ITS

This is done as part of the RESP promoter enrolment process.

The mandatory industry testing process is crucial. It helps financial organizations ensure their system is ready to report transactions to, and receive information from, the CESP system.

RESP promoters send test files electronically to the CESP system. Before the RESP promoter can submit production files for processing, they must receive an industry testing score of 90% or higher.

The CESP Industry Testing Guide is available on the Resources for RESP promoters web page under the **Systems documentation** tab.

3.3. CESP reports

3.3.1. Monthly CESP system reports

The CESP system acknowledges the processing status of each promoter transaction in monthly reports.

Table 4: Processing status of each promoter transaction in monthly reports

Status	RT	Monthly report
Processed	• RT 900 (CESG and CLB) • RT 911 (BCTESG)	Transaction processing report.
Rejected	RT 800	Transaction error report.
Rejected	RT 850	Severe error report.

A "processed transaction" in this chapter is a transaction that was successfully processed by the CESP system. This includes incentive requests for which the CESP refused to pay incentive. The CESP system generates a refusal reason in response to an incentive request when the full amount of the incentive is not paid.

For more information, refer to Appendix F. Understanding refusal reasons.

A "rejected transaction" in this chapter means the transaction was not processed by the CESP system. This could happen because of 1 of the following reasons:

- the transaction had an error which generated an **error code**

- the transaction had a severe error which generated an **error type**

For more information, refer to Appendix E. Understanding error codes.

3.3.1.1. Transaction processing report (RT 900 and RT 911)

RT 900 sends the following types of notifications:

- successfully processed transactions for the CESG and the CLB

- confirmation of the CESG paid on contributions

- confirmation of the CLB

- refusal reasons for the CESG and the CLB

- other transactions

RT 911 sends the following types of notifications:

- successfully processed BCTESG transactions

- confirmation of BCTESG payments

- refusal reasons for the BCTESG

- other transactions

The "transaction origin" field in a record indicates why the CESP system generated the record in the transaction processing report. The CESP system generates most of the RT 900 and RT 911 in response to promoter transactions. It returns a transaction origin of "0" (promoter initiated) for these records. Promoters can use these records to determine the processing status of each submitted transaction.

Promoters may also receive records in their transaction processing reports for other reasons. The transaction origin field for these situations would have a code other than "0" (not "promoter initiated"). These records may also include data required to update RESP notional accounts. For example:

- a CESP promoter support officer initiates a manual intervention

- the CESP system performs an automatic re-adjudication

- the CRA reassesses a beneficiary's eligibility for incentives

- the CLB is paid for the current benefit year

3.3.1.2. Transaction error report (RT 800)

RT 800 advises that an error is present in a transaction. This includes notice that validation has failed or information submitted is missing, incorrect, or incorrectly formatted. The record is rejected and must be corrected and resubmitted.

RESP promoters are responsible for correcting errors and resubmitting updated transactions to the CESP system.

For more information, refer to [Appendix E. Understanding error codes](#).

3.3.1.3. Severe error report (RT 850)

RT 850 advises that a record was rejected and must be corrected and resubmitted. Severe errors can occur when:

- transactions with the same BN and Transaction ID already exist (the most frequent cause of severe errors)

- the record type is invalid

- the BN is not 15 characters long, or

- the Transaction ID is missing

Once RESP promoters have passed industry testing, their systems are less likely to generate transactions with severe errors.

3.3.1.4. SIN validation report (RT 920)

RT 920 advises that a beneficiary SIN is not usable, usable or linked. This report comes after the monthly SIR validation of all beneficiary SINs that are already in the CESP system. If there are no SIN issues, that promoter will not receive a SIN validation report. For more information, refer to section [3.4.2. SIN validation reports (RT 920)](#).

3.3.1.5. Contract registration report (RT 950)

RT 950 indicates the registration status of contracts. Promoters should not consider a new contract to be "registerable" at the CRA until the CESP system returns an RT 950 with the "registration status" field set to "1" (registerable). For more information, refer to section [3.4.1. Transactions required to set up an RESP](#).

3.3.1.6. Production processing results report

The production processing results report gives a breakdown of all transaction types processed and the error rate for each type. This report is a PDF file sent in English and French.

3.3.2. Referral report (RT 960)

The Government of Ontario's birth registration service enables parents of Ontario newborns to:

- register online the birth of newborn children

- request a birth certificate

- apply for a SIN, and

- sign up for federal and provincial child benefits, including the Canada Child Benefit

This service now includes the ability to request an education savings referral. It advances both provincial and federal efforts to encourage and support early and long-term savings for a child's post-secondary education.

While registering online the birth of a child, parents of Ontario newborns may request to be contacted by a participating RESP promoter of their choice. This will enable them to learn about and start to open an RESP, and request the CLB and/or the CESG for their child.

When they choose to participate, the parent:

- consents to having their personal information shared

- validates their contact information, and

- provides their consent to have an RESP promoter they have chosen contact them

After confirming the birth registration, ServiceOntario transmits the individual's referral information to the CESP system. The CESP system will process this information and provide it to the selected promoter in a daily referral report (RT 960). Promoters will receive a referral report every day whether or not there are referral report records to send. An empty referral report will contain just the header and trailer records.

3.3.3. CESP monitoring reports

Depending on monitoring results, some promoters may also receive monitoring reports in Excel format, in addition to the reports described in the ITS. The CESP informs individual promoters by email when these Excel reports are available for downloading using MSFT.

Table 5: CESP monitoring reports and their purpose

CESP monitoring report	Purpose	Report month
Unregistered contracts - For more information, refer to section 3.4.3.1. Unregistered contracts monitoring report	- Identifies contracts that may not be deemed "registerable" by the CESP system	- November - April
SIN errors - For more information, refer to section 3.4.3.2. SIN error monitoring report	- Identifies financial transactions that were repeatedly rejected (with error codes) - More specifically, the ones that the system rejected because the associated beneficiary is not yet established in the CESP system	- April - October

3-year rule • For more information, refer to section 3.4.3.3. 3-year rule monitoring report	• Identifies financial transactions that were rejected (with SIN-related error codes) but have not been corrected • More precisely, financial transactions that are at risk of failing the 3-year rule in the next 4 to 10 months appear on the report	• April • October
CLB resubmissions • For more information, refer to section 3.5.6.4. CLB resubmissions monitoring report	• Identifies CLB requests that were refused (not rejected with error codes), but if resubmitted might now be paid • This would occur because the CRA and/or CESP system records have been updated	• January • April • July • October
Monthly monitoring	• Summarizes errors for promoters with either error rates greater than 10% or an erred contribution amount greater than $750,000	Monthly (if required)

3.4. Setting up an RESP

The RESP promoter needs to collect the appropriate information and enter into the RESP promoter's system. They can then submit the required electronic transactions to the CESP system to set up an RESP.

3.4.1. Transactions required to set up an RESP

The CESP system requires 3 separate transactions for each ESP to register the contract.

Transaction 1: Contract information (100-01)

This includes information such as:

• the date the contract was opened

• the contract number

- the specimen plan number

- the BN of the financial institution

- etc.

The 100-01 transaction establishes the contract in the CESP system and identifies whether or not the plan is an "individual/sibling only" plan.

Transaction 2: Beneficiary information (200-03)

Transaction 3: Subscriber information (200-04)

Once all 3 transactions are processed successfully by the CESP system:

- the promoter receives an RT 950 in the contract registration report. The "registration status" field will be set to "1" (registerable), and

- the CESP system sends a request to the CRA to register the ESP

3.4.1.1. Contract information (100-01)

In contract information transactions (100-01), the "individual/sibling only" field (position 103) is the only other field in addition to the first 7 mandatory fields for all promoter transactions. This field must be "1" (Yes) for the CESP system to pay the following incentives:

- Additional CESG

- CLB

- BCTESG

3.4.1.1.1. Common problems for 100-01

1. **Contract set up incorrectly:**

   - the "individual/sibling only" field of the 100-01 transaction should have been Yes (1) but was set up using No (0)

- when the Additional CESG is requested using a 400-11 transaction, the payment is refused with a refusal reason J in an RT 900

   Resolution: For more information, refer to refusal reason J in [Appendix F. Understanding refusal reasons](#).

2. **Contract set up incorrectly:**

   - the "individual/sibling only" field of the 100-01 should have been Yes (1) but was set up using No (0)

   - when one of the following incentives is requested (using the transaction shown) it is rejected with an error code 1010 in an RT 800

      - Additional CESG (511-12)

      - CLB (400-24)

      - BCTESG (411-40)

   Resolution: For more information, refer to error code 1010 in [Appendix E. Understanding error codes](#).

3.4.1.2. Beneficiary information (200-03)

The following beneficiary information in 200-03 transactions must pass validation at SIR:

- SIN

- given name

- surname

- date of birth

- gender

The CESP system does a preliminary validation of 200-03 transactions before sending the beneficiary information for validation at SIR.

If it is mathematically impossible for the SIN to be valid, the CESP system rejects the 200-03 transaction. It will generate an RT 800 with an error code of 7006 (invalid SIN).

There could be situations where the SIN had already been set up for a beneficiary in the CESP system but the birth years do not match. When this situation occurs, the CESP system rejects the 200-03 transaction and generates an RT 800 with an error code of 7000 (invalid date).

If the beneficiary information in a 200-03 transaction passes SIR validation, the CESP system generates a corresponding RT 900 in the transaction processing report. This informs the promoter that the beneficiary has been set up successfully in the CESP system. At that point, financial transactions may be successfully processed for this beneficiary SIN. If the beneficiary information in a 200-03 transaction fails SIR validation, the CESP system generates a corresponding RT 800 in the transaction error report.

The CESP system processes the financial transactions for a beneficiary only if the 200-03 transaction has been successfully processed and the beneficiary is established in the CESP system. Otherwise, all the financial transactions for the corresponding beneficiary SIN will be rejected with a 7001 or a 7031 error code.

On average, 80% of rejected transactions occur because beneficiary information has failed SIR validation. Promoters can reduce error rates by ensuring that beneficiary information is accurate before submitting 200-03 transactions to the CESP system.

The CESP system processes non-financial transactions before processing financial transactions. Therefore, promoters can submit their 200-03 transactions in the same file as the associated financial transactions for a beneficiary.

A 200-03 transaction will be rejected with a 7006 error code (invalid SIN) if the SIN is correct but any of the other 4 "SIN" fields do not pass SIR validation. The 4 other "SIN" fields are given name, surname, date of birth or gender. The CESP system reports SIR validation results in an RT 800 to

help promoters resolve rejected 200-03 transactions with this error code. These SIR validation results appear from positions 76 to 80 in an RT 800.

Table 6: SIR validation results

RT 800 field name	Positions	SIR validation results
SIN	76	• 0 – Failed SIR validation • 1 – Passed SIR validation
Given name	77	• 0 – Failed SIR validation • 1 – Passed SIR validation
Surname	78	• 0 – Failed SIR validation • 1 – Passed SIR validation
Birth date	79	• 0 – Failed SIR validation • 1 – Exact Match • 2 – Failed-Exact year and month matched • 3 – Failed-Exact year and day matched
Gender	80	• 0 – Failed SIR validation • 1 – Passed SIR validation

For example, if the beneficiary given name is "Katrina" at SIR but the given name field in the 200-03 transaction reported "Trina", the CESP system would generate an RT 800 in the transaction error report with:

- "SIN" as the field name in positions 42 to 71

- "7006" as the error code in positions 72 to 75, and

- "0" in position 77 to indicate the given name failed SIR validation

The fields for SIR validation results are blank when a beneficiary SIN fails the preliminary validation test by the CESP system.

3.4.1.2.1. Common problems for 200-03

1. **Any of the 5 SIN validation fields fail:**

   - beneficiary SIN information in a 200-03 transaction does not pass SIR validation. For example:

     - using a nickname instead of the official first name at SIR ("Bob" instead of "Robert")

     - reversing the first and last names

     - reversing day and month for the date of birth

   - the CESP system rejects the 200-03 transaction with a 7006 error code (Invalid SIN). This also prevents the CESP system from processing the financial transactions for that beneficiary

   Resolution: For more information, refer to error code 7006 in Appendix E. Understanding error codes.

2. **Other transactions are rejected:**

   - submitting other transactions for a beneficiary that is not yet established in the CESP system. These transactions are rejected for the affected beneficiary with a 7001 or a 7031 error code in the transaction error report

   Resolution: For more information, refer to error codes 7001 and 7031 in Appendix E. Understanding error codes

3. **Privacy issues for the custodial parent:**

- a beneficiary's father contacts the CESP call centre to determine the grant room available for a beneficiary. However, the beneficiary's mother (only) was named in the custodial parent name field (positions 411 to 440) in the 200-03 transaction. The CESP cannot disclose any information to the father for privacy reasons

  Resolution: The promoter could send another 200-03 transaction to the CESP system with the father's name in the custodial parent name field, **or** if the promoter's system allows it, the promoter could merge the father's and mother's name into the same custodial parent name field. It could then submit it to the CESP system in a new 200-03 transaction

4. **One-name beneficiary:**

   - while not a frequent problem, a beneficiary could have only one name (the first and last name are one and the same). In the past, a manual intervention was needed to set up the beneficiary in the CESP system

   Resolution: The CESP system now allows the given name field to be blank. If the RESP provider's system will not allow a blank field for the given name, they could enter a period (.), hyphen (-) or underscore (_)

3.4.1.3. Subscriber information (200-04)

The CESP system must determine that it is mathematically possible for the subscriber SIN to be valid. However, the subscriber information is not validated at SIR.

3.4.2. SIN validation reports (RT 920)

A beneficiary SIN may become unusable after the beneficiary is successfully validated and established in the CESP system. This would affect new financial transactions. This could occur due to:

- a death of the beneficiary

- a cancelled or expired (temporary 900 series) SIN, or

- a SIN that was used fraudulently

Each month, the CESP system revalidates the SINs of all beneficiaries previously established in the CESP system. Beneficiaries flagged by SIR are identified using the following SIN issues in a SIN validation report:

1. SIN is not usable

2. SIN is usable

3. linked SIN

3.4.2.1. 1 – SIN is not usable

A beneficiary will cease to receive incentive payments in an RESP until the promoter corrects the problem. They will need to resubmit a 200-03 transaction for the beneficiary with usable SIN information. Contributions made for the beneficiary prior to the SIN being flagged at SIR could still attract the CESG. However, contributions made after this date would appear in the RT 900. They would receive a refusal reason N (SIN has been flagged by SIR) in the transaction processing report.

3.4.2.2. 2 – SIN is usable

SIR has removed a non-usable flag for a beneficiary SIN already reported in a previous RT 920 in the SIN validation report. For example, this could occur if SIR temporarily froze a SIN and made it usable again at a later date.

3.4.2.3. 3 – Linked SIN

This happens when a beneficiary receives a new SIN to replace a previous SIN. The old SIN is linked to a new SIN. For example, an expired (temporary 900 series) SIN is linked to the new permanent SIN. All financial transactions submitted for the old SIN are rejected. The CESP informs the promoter using an RT 800 with a 7001 error code (invalid value) in the transaction error report.

3.4.3. Monitoring reports related to setting up an RESP

3 monitoring reports relate to issues that promoters often encounter while setting up an RESP:

- unregistered contracts monitoring report

- SIN error monitoring report

- 3-year rule monitoring report

The CESP system informs individual promoters by email when these reports are available for downloading using MSFT.

3.4.3.1. Unregistered contracts monitoring report

Legislation prohibits paying incentives into non-registered plans. Promoters are responsible for ensuring that contracts reach registerable status within timelines outlined in the CRA Information Circular IC93-3R2:

"The effective date of registration of an ESP will be the date the plan was opened if all required plan information is sent electronically to the CESP system no later than 60 days after the end of the calendar year the plan was opened."

Promoters can use the unregistered contracts monitoring report to help them resolve contract registration issues. This report is available in November and April. This report is in addition to the contract registration report (RT 950).

The CESP sends unregistered contracts information to the CRA in October of the year after the contract was opened. This could lead to the following consequences:

- tax implications for subscribers

- loss of incentive payments for beneficiaries

The unregistered contracts monitoring reports are generated for financial transactions that may have received incentive payments. Separate reports in Excel format are sent to address 2 scenarios:

- transaction 100-01 successfully processed

- transaction 100-01 missing or rejected

3.4.3.1.1. Transaction 100-01 successfully processed

This Excel report addresses unregistered contracts for which a contract information transaction (100-01) has been successfully processed but the following issues remain:

- transaction 200-03 is missing or was rejected

- transaction 200-04 is missing or was rejected

- transactions 200-03 and 200-04 are both missing or were rejected

The Excel report contains the following columns for each unregistered contract ID:

- reporting period

- specimen plan ID

- contract ID

- RT 100 transaction ID

- RT 100 transaction date

- reason for registration failure

3.4.3.1.2. Transaction 100-01 missing or rejected

This Excel report addresses unregistered contracts for which a contract information transaction (100-01) was either rejected or never submitted. The Excel report contains the following columns for each unregistered contract ID:

- specimen plan ID

- contact ID

- reason for registration failure

If the transaction 100-01 is missing or was rejected, the contract will not be included in the monthly contract registration report (RT 950). The specimen plan ID and the contract ID provided in the corresponding unregistered contracts monitoring report are obtained from successfully processed financial transactions that refer to the contract ID.

3.4.3.2. SIN error monitoring report

Error monitoring reports are generated in April and October. They inform promoters about financial transactions repeatedly rejected (with error codes) in the past 6 months. The 200-03 transaction was rejected for the associated beneficiary.

If the associated 200-03 transaction was rejected with an error code 7006 (invalid SIN), the SIR validation results are also indicated in this report. This report is an Excel spreadsheet containing the following data for rejected financial transactions:

- beneficiary SIN

- contract ID

- specimen plan ID

- error code

- SIR validation results:

    o SIN

    o given name

    o surname

    o birth date

o gender

3.4.3.3. 3-year rule monitoring report

An incentive will not be paid if the transaction date for the corresponding financial record is more than 3 years before the date on which the promoter sends the transaction file to the CESP system. The sent date is recorded in the header record (RT 001) of the submitted file. Promoters must resolve errors and resubmit accurate financial transactions within the 3 year limit for incentives to be paid.

The 3-year rule monitoring reports are created in April and October. They advise promoters about financial transactions that were rejected (with SIN-related error codes) and may be at risk of failing the 3-year rule in the next 4 to 10 months. This report is an Excel spreadsheet containing the following data for each rejected financial transaction:

- beneficiary SIN

- specimen plan ID

- transaction type

- contract ID

- transaction date

- beneficiary error:

    o SIN

    o given name

    o surname

    o birth date

    o gender

The latest SIR flags are provided only when the beneficiary error code is 7006 (invalid SIN). Otherwise, these fields will be blank.

Many financial transactions are rejected because the associated beneficiary has not yet been established in the CESP system. Promoters must have successfully processed a beneficiary information transaction (200-03) before any incentives can be paid for the financial transactions of that beneficiary. This needs to be done for each beneficiary listed in this report.

3.5. Processing other RESP transactions

First, information about the contract, the subscriber, and the beneficiary needs to be set up accurately in the CESP system. Once that is complete, the CESP system can process all other promoter transactions for that beneficiary.

3.5.1. Logical processing sequence

Records in each promoter file can be in any order because the CESP system processes the transactions in a logical sequence each month. As non-financial transactions are processed before financial transactions, promoters can submit both types of transactions in the same file. However, the CESP system processes financial transactions only after the associated beneficiary is successfully processed in the CESP system.

3.5.1.1. Order of incentive payments

The CESP system pays incentives in the same order in which incentive requests are successfully processed, using a "first come, first served" approach. If multiple incentive requests for the same beneficiary are received in the same processing month, the transaction with the earliest transaction date is processed first. It will receive the incentive payment first.

3.5.2. Fields used for each RT 400 transaction type

Not all fields are used for each RT 400 transaction type. However, if a field is not used, it must contain "filler" characters that satisfy ITS format specifications for the field. ITS Appendix D identifies the fields used for each RT 400 transaction type.

3.5.3. Correcting transactions already processed by the CESP system

Promoters are responsible for reporting accurate information to the CESP system. If inaccurate information has been successfully processed by the CESP system, the promoter must take appropriate action to correct these inaccuracies. The required process depends on the transaction that must be corrected.

3.5.3.1. Contract, beneficiary and subscriber information

To correct processed transactions with inaccurate information, promoters can submit new transactions to the CESP system for:

- the contract (100-01)

- the beneficiary (200-03)

- the subscriber (200-04)

3.5.3.2. RT 400 transactions

If the CESP system processes inaccurate RT 400 transaction, the promoter must reverse this transaction. The promoter must then submit another transaction with the correct information. Reversals are permitted only to correct administrative errors on RT 400 transactions.

For example, a promoter might determine that a $1,000 contribution was processed by the CESP system with an inaccurate amount of $100. The promoter must reverse the original transaction ($100) and submit a new transaction with the correct contribution amount ($1,000).

Promoters can reverse an inaccurate RT 400 transaction by submitting a new transaction with the following key information.

Table 7: Reversal flag

Field in new transaction	Positions	Field value
Reversal flag	121	2 = Reversal
Original promoter transaction ID	122 to 136	Matches transaction to reverse
Original promoter BN	137 to 151	Matches transaction to reverse

The transaction that the promoter submits to reverse another transaction must have a new (unique) promoter transaction ID (positions 12 to 26).

The original promoter BN can be the business number of another promoter only if that promoter was:

- merged with, or

- acquired by the current promoter

In these situations, promoters must again pass industry testing. This is to demonstrate that their systems are able to reverse transactions that were submitted by the original promoter.

3.5.3.3. Requests for the BCTESG (411-41)

If the CESP system successfully processed a request for the BCTESG that had an administrative error (example: wrong beneficiary):

- the promoter must submit a cancel BCTESG request transaction (411-41) to the CESP system

This reverses the original request and the promoter could then submit a corrected BCTESG request transaction (4011-40) if required.

3.5.4. Contributions and requests for the CESG (400-11)

3.5.4.1. Key fields for 400-11

Promoters can request the CESG with a contribution transaction (400-11) using the following key fields.

Table 8: Key fields for 400-11

Key fields for 400-11	Positions	Notes
Beneficiary SIN	78 to 86	The beneficiary SIN must exist in the CESP system. For more information, refer to error code 7001 in Appendix E. Understanding error codes.
Contribution amount	87 to 95	Promoters cannot assume this amount is an "assisted contribution". For more information, refer to the assisted contribution amount field (positions 165 to 173) in the RT 900.
Grant requested	96	The CESP system will not pay the CESG on a contribution unless this field is "1" (Yes).
PCG/spouse	229 to 243	The Additional CESG is not payable for a contribution unless these fields are successfully validated with the CRA. The promoter must also be authorized to submit the Additional CESG transactions. For more information, refer to error code 1014 in Appendix E. Understanding error codes.
PCG/spouse given name	244 to 263	The Additional CESG is not payable for a contribution unless these fields are successfully validated with the CRA. The promoter must also be authorized to submit the Additional CESG transactions. For more information, refer to error code 1014 in Appendix E. Understanding error codes.

PCG/spouse surname	264 to 283	The Additional CESG is not payable for a contribution unless these fields are successfully validated with the CRA. The promoter must also be authorized to submit the Additional CESG transactions. For more information, refer to error code 1014 in Appendix E. Understanding error codes.
PCG/spouse type	284	The Additional CESG is not payable for a contribution unless these fields are successfully validated with the CRA. The promoter must also be authorized to submit the Additional CESG transactions. For more information, refer to error code 1014 in Appendix E. Understanding error codes.

3.5.4.2. Key RT 900 fields for 400-11

The CESP system acknowledges successfully processed 400-11 transactions with an RT 900 in the transaction processing report. The following are RT 900 fields of interest for 400-11 transactions.

Table 9: Key RT 900 fields for 400-11

Key RT 900 fields for 400-11	Positions	Notes
Grant amount	26 to 36	Indicates the Basic CESG amount paid for the corresponding contribution.
Promoter transaction ID	52 to 66	Identifies the associated contribution transaction (400-11).
Refusal reason	67	Provides a refusal reason when the full amount of Basic CESG was not paid.

Transaction origin	68	For more information, refer to section 3.5.4.3. Transaction origins for the CESG
Additional CES grant amount	136 to 144	Indicates the Additional CESG amount paid for the corresponding contribution.
Assisted contribution amount	165 to 173	Indicates the amount of contribution that attracted the CESG.
Additional CES grant refusal reason	174	Provides a refusal reason if the full amount of the Additional CESG was not paid.

If the grant requested field for a 400-11 transaction is "1" (Yes), the CESP system will validate eligibility and pay the corresponding CESG amount. The amounts of Basic CESG and Additional CESG paid for a contribution are reported back to promoters. The CESP system reports them separately in different fields of the same RT 900. Promoters must have one notional account to track the total amount of Basic CESG and Additional CESG combined for all beneficiaries in an RESP. However, promoters may also maintain these accounts at the beneficiary level.

The CESP system informs promoters how much of each contribution attracted the CESG (assisted contributions) in an RT 900 of the transaction processing report. The RESP promoter must update this amount in the assisted contribution notional account. If applicable, promoters must calculate the remaining contribution amount (unassisted contribution) to update the unassisted contribution notional account. Subscribers must make each contribution in respect of one beneficiary. However, promoters must maintain each notional accounts for the assisted contributions and unassisted contributions at the plan level.

The promoter must maintain the notional account balance for assisted contributions and unassisted contributions. In the event of a transfer, they

must record both of these notional account balances on the RESP transfer form. The assisted contribution notional account balance is also used to calculate the amount of CESG that must be repaid due to a withdrawal of contributions.

3.5.4.3. Transaction origins for the CESG

3.5.4.3.1. 0 – Promoter initiated

If the CESP system processes a contribution transaction (400-11), the promoter receives an RT 900 in the transaction processing report. This will acknowledge the successful processing of this transaction. The transaction origin code (position 68) will indicate that the RT 900 was promoter initiated (transaction origin = 0).

3.5.4.3.2. Other transaction origins

A promoter may also receive an RT 900 in the transaction processing report for other reasons. These records may also indicate that the promoter must update the CESG balance for the RESP. The table below explains how to interpret the various transaction origin codes (position 68) for these records.

Table 10: Interpretation of the various transaction origin codes

Code	Explanation
1	**Re-adjudication**: For example, a request for the CESG that was initially refused due to the CESG annual limit may subsequently receive the corresponding CESG payment when a promoter reverses other transactions for the same beneficiary.
2	**CESP initiated**: A CESP promoter support officer can perform a manual intervention that has an impact on the CESG account balance in an RESP.

4	**Re-adjudication due to CRA reassessment**: A beneficiary's eligibility for the Additional CESG may change after a CRA reassessment. This could change the amount of Additional CESG paid for contributions.

3.5.4.4. Beneficiary matching report for refusal reason 4

Promoters offering the Additional CESG may receive a beneficiary matching report for refusal reason 4. They would receive that with the other monthly reports generated by the CESP system. These reports include a record for each request that did not receive the Additional CESG due to refusal reason 4.

The beneficiary matching report is an Excel spreadsheet with the following columns for each record:

- year of the request
- beneficiary SIN
- contract ID
- beneficiary surname status
- beneficiary given name status
- beneficiary birth date status
- PCG/spouse SIN (for individual PCGs)
- PCG BN (for public PCGs)

For more information, refer to Appendix F. Understanding refusal reasons.

3.5.4.5. Common problems for 400-11

1. **Beneficiary not established in the system:**

    o the beneficiary for whom a contribution (400-11) was made has not yet been set up successfully in the CESP system. The

contribution transaction is rejected with an error code 7001 or 7031 in an RT 800

Resolution: For more information, refer to error codes 7001 and 7031 in [Appendix E. Understanding error codes](#)

2. **Contract not set up correctly:**

   ○ the "Individual/sibling only" field of the 100-01 transaction should have been Yes (1) but was set up using No (0)

   ○ Additional CESG is requested using a 400-11 transaction but payment is refused with a refusal reason J in an RT 900

   Resolution: For more information, refer to refusal reason J in [Appendix F. Understanding refusal reasons](#)

Prior to 2018, only the PCG could provide their name and SIN to request the Additional CESG. If the PCG's cohabiting spouse or common-law partner provided their information instead, the request would receive a refusal reason "L". In those situations, the RESP promoter would have had to contact the subscriber and collect the PCG's information on a new application form. They would then either submit a 511-12 transaction, or reverse and resubmit the original 400-11 transaction with the updated PCG information.

As of 2018, either the PCG or their cohabiting spouse or common-law partner, if applicable, can provide their information to request the Additional CESG. The RESP promoter can submit this PCG/spouse information and not receive a refusal reason "L" if this information matches the CRA records.

3.5.5. PCG/spouse information (511-12)

In the ITS, the term "PCG/spouse" could refer to:

- the beneficiary's PCG

- the PCG's cohabiting spouse, or

- the PCG's common-law partner

Once a transaction (400-11) his processed by the CESP system, the promoter can use the 511-12 transaction on that contribution. It used to provide new or updated PCG/spouse information on a transaction that has not attracted the Additional CESG because:

- no PCG/spouse information was provided in the original contribution transaction, or

- inaccurate PCG/spouse information was provided in the original contribution transaction

Promoters must pass specific industry testing before submitting 511-12 transactions to the CESP system.

Promoters must submit a separate 511-12 transaction for each corresponding 400-11 transaction.

3.5.5.1. Key fields for 511-12

Table 11: Key fields for 511-12

Key fields for 511-12	Positions	Notes
Transaction date	4 to 11	Must be on or after the 400-11 transaction date. For more information, refer to error codes 5032, 5033 and 7039 in [Appendix E. Understanding error codes](#).
Contribution promoter transaction ID	69 to 83	- Transaction ID of the 400-11 transaction for which the Additional CESG is being requested. - The transaction will be rejected if the corresponding 400-11 transaction is not currently processed or did not request grant. For more information, refer to error codes:

		5025, 5026, 5027 and 5030 in [Appendix E. Understanding error codes](#).
Contribution promoter BN	84 to 98	Promoter BN submitted in the 400-11 transaction for which the Additional CESG is being requested.
PCG/spouse	99 to 113	These fields must be successfully validated with the CRA before the CESP system will pay the Additional CESG for the specified contribution.
PCG/spouse given name	114 to 133	These fields must be successfully validated with the CRA before the CESP system will pay the Additional CESG for the specified contribution.
PCG/spouse surname	134 to 153	These fields must be successfully validated with the CRA before the CESP system will pay the Additional CESG for the specified contribution.
PCG/spouse type	154	These fields must be successfully validated with the CRA before the CESP system will pay the Additional CESG for the specified contribution.

3.5.5.2. Key RT 900 fields for 511-12

Each processed 511-12 transaction generates one RT 900 with a transaction origin of 0. It will also generate 2 RT 900 with a transaction origin of 8 in the transaction processing report. The following are RT 900 fields of interest for 511-12 transactions.

Table 12: RT 900 fields of interest for 511 12 transactions

Key RT 900 fields for 511-12	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated PCG/spouse transaction.
Transaction origin	68	Indicates why the RT 900 was generated in the transaction processing report.
Additional CES grant amount	136 to 144	Indicates the Additional CESG amount paid for the associated contribution.
Additional CES grant refusal reason	174	Provides a refusal reason if the full amount of the Additional CESG was not paid.

3.5.5.3. Alternative to using 511-12

It is not mandatory for a promoter to use the 511-12 transaction to request the corresponding Additional CESG on a successfully processed contribution transaction. Promoters may choose instead to reverse the original 400-11 transaction and resubmit a new 400-11 transaction with the required PCG/spouse information.

3.5.5.3.1. Common problems for 511-12

1. **3-year rule:**

   o a 511-12 transaction is sent to the CESP system for processing more than 3 years after the corresponding contribution transaction (400-11) date. For example:

     ▪ 400-11: transaction date = 20100412

- 511-12: file sent date = 20130704

  - the 511-12 transaction is rejected with an error code 5033 in an RT 800

  Resolution: For more information, refer to error code 5033 in [Appendix E. Understanding error codes](#)

2. **Previous 511-12 with the same transaction date:**

   - a 511-12 transaction was submitted for a particular contribution, but the Additional CESG was refused with a refusal reason in an RT 900. The promoter contacted the subscriber for the correct PCG/spouse information. The promoter then resubmitted another 511-12 transaction for the same contribution, using the same transaction date as the previous 511-12. The second 511-12 transaction is rejected with an error code 5032 in an RT 800

   Resolution: For more information, refer to error code 5032 in [Appendix E. Understanding error codes](#)

Prior to 2018, only the PCG could provide their name and SIN to request the Additional CESG. If the PCG's cohabiting spouse or common-law partner provided their information instead, the CESP system will process the request with a refusal reason "L". In those situations, the RESP promoter would have had to contact the subscriber and collect the PCG's information on a new application form. They would then have 2 options to submit the updated PCG information. The promoter could submit a 511-12 transaction, or reverse and resubmit the original 400-11 transaction with the updated PCG information.

As of 2018, the PCG cohabiting spouse or common-law partner, can provide their information on the request the Additional CESG. The RESP promoter can submit this PCG/spouse information and not receive a refusal reason "L" if this information matches the CRA records.

3.5.6. Request for CLB payments (400-24)

Only one RESP can be active at any given time for new CLB payments made in respect of a beneficiary.

To apply for the CLB, the subscriber must fill and sign one of the following 2 application forms:

- when the beneficiary is under 18 years old, they must use the CESP application form ESDC SDE 0093

- when the beneficiary is between 18 and 20 years old, they must use the CESP application form ESDC SDE 0107

Once a subscriber completes the appropriate form, the promoter must submit a single CLB request transaction (400-24) to the CESP system. This transaction will unlock all accumulated CLB entitlement (if applicable) for this beneficiary. This transaction also makes the RESP active for future CLB instalments of this beneficiary.

The CESP system automatically pays CLB instalments for each new benefit year to the active RESP of an eligible beneficiary. No Additional CLB requests are required for the beneficiary.

If a terminated RESP is currently active for CLB payments, promoters should immediately stop all future CLB payments for that beneficiary.

They would do so by submitting a CLB request transaction (400-24) with the grant requested field set to "0" (No). Promoters should send separate transactions for each beneficiary with an active CLB request in the RESP.

An RESP may also become inactive for future CLB payments of a particular beneficiary after 1 of the following events:

- the CESP system receives a more recent 400-24 transaction for the beneficiary in another RESP, with the grant requested field set to "1" (Yes)

- the CESP system receives a grant repayment transaction (400-21) for the beneficiary with a repayment reason of "03" (contract termination). Also, the CLB amount repaid is greater than 0 and the transaction date is more recent than the latest CLB request for that RESP

3.5.6.1. Key fields for 400-24

Table 13: Key fields for 400-24 transactions

Key fields for 400-24	Positions	Notes
Beneficiary SIN	78 to 86	The beneficiary SIN must exist in the CESP system. For more information, refer to error codes 7001 and 7031 in Appendix E. Understanding error codes.
Grant requested	96	- Makes the RESP either active or inactive for the CLB payments of this beneficiary. - A value of "1" (Yes) makes it active, whereas a value of "0" (No) makes it inactive.
PCG/spouse	229 to 243	For beneficiaries under 18 years old, this field must be successfully validated with the CRA before the CESP system can pay the CLB. PCG information is not required for beneficiaries between 18 and 20 years of age. The promoter must also be authorized to submit CLB transactions. For more information, refer to error code 1012 in Appendix E. Understanding error codes.
PCG/spouse given name	244 to 263	For beneficiaries under 18 years old, this field must be successfully validated with the CRA before the CESP system can pay the CLB. PCG information is not required for beneficiaries between 18 and 20 years of age. The promoter must also be authorized to submit CLB transactions. For more information, refer to error code 1012 in Appendix E. Understanding error codes.

Table 13: Key fields for 400-24 transactions

Key fields for 400-24	Positions	Notes
PCG/spouse surname	264 to 283	For beneficiaries under 18 years old, this field must be successfully validated with the CRA before the CESP system can pay the CLB. PCG information is not required for beneficiaries between 18 and 20 years of age. The promoter must also be authorized to submit CLB transactions. For more information, refer to error code 1012 in Appendix E. Understanding error codes.
PCG/spouse type	284	For beneficiaries under 18 years old, this field must be successfully validated with the CRA before the CESP system can pay the CLB. PCG information is not required for beneficiaries between 18 and 20 years of age. The promoter must also be authorized to submit CLB transactions. For more information, refer to error code 1012 in Appendix E. Understanding error codes.

When terminating an RESP, promoters should submit a 400-24 transaction, for each beneficiary with an active CLB request in the RESP. They should also set the grant requested field to "0" (No). While this will stop new CLB payments to this RESP, it will not prevent beneficiaries from receiving the CLB payments in another RESP.

3.5.6.2. Key RT 900 fields for 400-24

The CESP system acknowledges successfully processed 400-24 transactions with an RT 900 in the transaction processing report. The following are RT 900 fields of interest for 400-24 transactions.

Table 14: RT 900 fields of interest for 400-24 transactions

Key RT 900 fields for 400-24	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated CLB request transaction (400-24).
Refusal reason	67	Provides a refusal reason if the full amount of CLB was not paid.
Transaction origin	68	For more information, refer to section 3.5.6.3. Transaction origins for the CLB
CLB amount	127 to 135	Indicates the CLB amount paid.

3.5.6.3. Transaction origins for the CLB

3.5.6.3.1. 0 – Promoter initiated

The CESP system receives a CLB request. It will pay the CLB if there is an accumulated CLB entitlement for the beneficiary at that time. The promoter receives an RT 900 in the transaction processing report to acknowledge the successful processing of a CLB request. The transaction origin code (position 68) would indicate that the RT 900 was promoter initiated (transaction origin = 0).

3.5.6.3.2. Other transaction origins

A promoter may also receive an RT 900 in the transaction processing report for other reasons. This could indicate that the promoter must update the CLB balance for the beneficiary. The following table explains how to

interpret the various transaction origin codes (position 68) for these other records.

Table 15: Interpretation of the various transaction origin codes

Code	Explanation
1	**Re-adjudication**: For example, the promoter received a refusal for a CLB request due to the annual limit. It may subsequently receive the corresponding CLB payment when a promoter reverses other transactions for the same beneficiary.
2	**CESP initiated**: A CESP promoter support officer can perform a manual intervention. It would have an impact on the CLB account balance for a beneficiary.
4	**Re-adjudication due to CRA reassessment**: A beneficiary's eligibility for the CLB may change. This could happen when the CRA performs a reassessment of the adjusted income for the beneficiary's PCG.
6	**CLB instalment for new benefit year**: Promoters submit only one request for the CLB per beneficiary. If a beneficiary is eligible for CLB in a subsequent year, the CESP system will automatically pay the CLB amount for that year.
7	**Payment of CLB entitlement**: For example, CLB payments for a beneficiary might be repaid from a terminated RESP. If another RESP is active for the CLB for the same beneficiary, the repaid CLB amount would be paid to that RESP.
9	**Inactive CLB request**: For example, an RESP was originally active for the CLB payments for a beneficiary. It would become inactive if a promoter submitted a more recent CLB request for the same beneficiary in another RESP.

3.5.6.4. CLB resubmissions monitoring report

The CESP system will refuse payment for a CLB request transaction (400-24) when the PCG or the PCG's spouse or common-law partner information does not match beneficiary information during the CRA validation process. This occurs most frequently when the beneficiary's information does not match the CRA records, or when the CRA record does not yet exist when the beneficiary matching validation takes place.

Quarterly CLB resubmission monitoring reports inform promoters about CLB requests originally refused but may now pass the CRA validation using the same information for the beneficiary and the PCG or the PCG's cohabiting spouse or common-law partner. This report is an excel spreadsheet with the following columns for each report record:

- beneficiary SIN

- contract ID

3.5.6.5. Common problems for 400-24

1. **Beneficiary not established in the system:**

   o the beneficiary for whom the CLB was requested has not yet been successfully set up in the CESP system. The CLB request (400-24) transaction is rejected with an error code 7001 or 7031 in an RT 800

   Resolution: For more information, refer to error code 7001 or 7031 in Appendix E. Understanding error codes

2. **Contract not set up correctly:**

   o the "Individual/Sibling Only" field of the 100-01 transaction should have been Yes (1) but was set up using No (0)

   o CLB is requested for the beneficiary using a 400-24 transaction but payment is rejected with an error code 1010 in an RT 800

Resolution: For more information, refer to error code 1010 in [Appendix E. Understanding error codes](#)

Prior to 2018, only the PCG could provide information to request the CLB. If the PCG's cohabiting spouse or common-law partner provided their information instead, the CESP system would process the request with a refusal reason "L". The RESP promoter would then have to contact the subscriber and collect the PCG's information on a new application form ESDC SDE 0093. They would then submit a new 400-24 transaction to provide the updated PCG information.

As of 2018, either the PCG or their cohabiting spouse or common-law partner, if applicable, can provide their information on the application form ESDC SDE 0093. The RESP promoter can submit this PCG/spouse information and not receive a refusal reason "L" if it matches the CRA records.

As of January 1, 2022, promoters must use the new application form (ESDC SDE 0107) for beneficiaries between 18 and 20 years of age who have not yet received the CLB and wish to apply for it. The PCG's information or that of their cohabitating spouse or common law partner is not gathered on form ESDC SDE 0107.

3.5.7. BCTESG (411-40 and 411-41)

There are 2 types of BCTESG transactions. Transaction type 40 or 41 specified in the BCTESG transaction (RT 411):

- 411-40 = BCTESG request

- 411-41 = cancel BCTESG request

BCTESG request: The 411-40 transaction requests the BCTESG for a specific beneficiary. The one-time $1,200 BCTESG entitlement for a particular beneficiary can only be paid into a single RESP. It could happen that multiple BCTESG requests are made for the same beneficiary in different RESPs. If that happens, the CESP system will pay the full $1,200 BCTESG amount for the first successfully processed request (first-come first-served approach).

Subsequent requests for the same beneficiary would receive refusal reason E (lifetime limit exceeded).

Cancel BCTESG request: The 411-41 transaction cancels a BCTESG request already made for a specific beneficiary. Cancelling a BCTESG request (411-41) will restore the beneficiary's original entitlement to the $1,200 BCTESG amount. The promoter must use the 411-41 transaction only to correct administrative errors (example: when the promoter submits a BCTESG request for the wrong beneficiary).

BCTESG repayment: When the promoter repays the BCTESG using the repayment transaction (400-21), the beneficiary entitlement is not restored. The repaid amount cannot be paid again into an RESP of the affected beneficiary.

3.5.7.1. Key fields for 411-40 (BCTESG request)

The following are key fields for BCTESG request transactions.

Table 16: Key fields for 411-40 (BCTESG request)

Key fields for 411-40	Positions	Notes
Transaction date	4 to 11	Used to validate refusal reasons: • 3 = Age of beneficiary • D = Late transaction Used to validate error code 7041.
Beneficiary SIN	69 to 77	Used to validate eligibility for the BCTESG.

Transaction date: Promoters must use the date on the BCTESG application form for the transaction date in BCTESG request transactions (411-40). This is a key date to validate both refusal reasons and error codes.

3.5.7.2. Key fields for 411-41 (Cancel BCTESG request)

The following are key fields for cancel BCTESG request transactions.

Table 17: Key fields for 411-41 (Cancel BCTESG request)

Key fields for 411-41	Positions	Notes
Original promoter transaction ID	69 to 83	Identifies the promoter transaction ID associated with the original BCTESG request.
Original promoter BN	84 to 98	The promoter BN associated with the original BCTESG request.

3.5.7.3. BCTESG time constraints

Refusal reason 3 (age of beneficiary): Subscribers have 3 years to apply for the BCTESG once the beneficiary reaches a certain age. The CESP system will send promoters a refusal reason 3 (age of beneficiary) in certain circumstances. This refusal reason is sent for each request that falls outside the corresponding 3 year application window specified in the table below. The transaction date for a BCTESG request is the date on which the subscriber signs the BCTESG application form.

Table 18: BCTESG time constraints

Birth date	First day to apply	Last day to apply
2006	August 15, 2016	August 14, 2019

Table 18: BCTESG time constraints

Birth date	First day to apply	Last day to apply
2007	August 15, 2015	August 14, 2018
2008	August 15, 2015	August 14, 2018
2009 up to August 14	August 15, 2015	August 14, 2018
On August 15, 2009 or later	The day the beneficiary turns 6	The day before the beneficiary turns 9.

Error code 7042: All BCTESG requests for beneficiaries born before January 1, 2006, will be rejected with error code 7042.

Error code 7041: All BCTESG requests with transaction dates prior to August 15, 2015, will be rejected with error code 7041.

Refusal reason D: Promoters have 3 years to successfully process a BCTESG request transaction. They must send a file to the CESP system for processing no more than 3 years after the transaction date of the BCTESG request in the file. The CESP system sends promoters a refusal reason D (late transaction) for BCTESG requests processed after this 3 year limit.

3.5.7.4. Key RT 911 fields for RT 411

The CESP system will acknowledge each successfully processed BCTESG request transaction (411-40) and cancel BCTESG request transaction (411-41). The system will do so by sending promoters a corresponding RT 911 in their monthly transaction processing report.

The CESP system will also generate records in response to other transactions if they have an impact on the BCTESG account balance in an RESP. For example, the CESP system sends one RT 900 and one RT 911 together for the same financial transaction (RT 400). This will occur when the BCTESG EAP amount or the BCTESG amount is greater than 0.

The following RT 911 fields are of interest for BCTESG transactions.

Table 19: Key RT 911 fields for RT 411

Key RT 911 fields for RT 411	Positions	Notes
BCTESG amount	4 to 14	Amount by which the BCTESG account balance changed due to the successful processing of a transaction.
Promoter transaction ID	30 to 44	Identifies the associated transaction.
Refusal reason	45	Provides the refusal reason if the BCTESG was not paid.
Transaction origin	46	0 – Promoter initiated 2 – CESP initiated 5 – Linked SIN
Contract ID	72 to 86	Identifies the contract ID for which a manual intervention was performed by a CESP promoter support officer (CESP initiated).
CESP transaction date	87 to 94	Identifies the date on which a manual intervention was performed by a CESP promoter support officer (CESP initiated).

Key RT 911 fields for RT 411	Positions	Notes
SIN	95 to 103	Identifies the beneficiary SIN for whom a manual intervention was performed by a CESP promoter support officer (CESP initiated).

3.5.7.5. Common problems for BCTESG transactions (RT 411)

1. **Beneficiary not established in the system:**

   - the beneficiary for whom a BCTESG request (411-40) was made has not been successfully set up in the CESP system. The BCTESG request transaction is rejected with an error code 7001 or 7031 in an RT 800

   Resolution: For more information, refer to error codes 7001 and 7031 in Appendix E. Understanding error codes

2. **Contract not set up correctly:**

   - the "individual/sibling only" field of the 100-01 transaction should have been Yes (1) but was set up using No (0)

   - the BCTESG is requested using a 411-40 transaction, but the request is rejected with an error code 1010 in an RT 800

   Resolution: For more information, refer to error code 1010 in Appendix E. Understanding error codes

3. **Late application form:**

   - a promoter submits a BCTESG request (411-40) with a transaction date outside of the 3 year application window

- the BCTESG request is processed, but the BCTESG payment is refused with a refusal reason 3 in an RT 911

Resolution: For more information, refer to refusal reason 3 in [Appendix F. Understanding refusal reasons](). Promoters should inform subscribers that they must complete the BCTESG application form within the required application window (refer to section [3.5.7.3. BCTESG time constraints]())

3.5.8. EAPs (400-13)

Promoters use 400-13 transactions to report the total amount of each educational assistance payment (EAP). These transactions also report the EAP amounts of each incentive administered by ESDC and provide additional mandatory information for statistical purposes. There are no requirements for promoters to report specific Quebec Education Savings Incentive (QESI) amounts in EAPs to the CESP system. However, if there are QESI amounts in an EAP, they must include it in the total EAP amount.

Promoters are responsible for updating RESP notional accounts and need to reflect the incentive amounts used in an EAP. Also, they must follow regulations to calculate the amount of each incentive to include in EAPs. For more information, refer to [Chapter 10. Post-secondary education and educational assistance payments]().

3.5.8.1. Key fields for 400-13

The following are key fields for EAP transactions (400-13).

Table 20: Key fields for 400-13

Key fields for 400-13	Positions	Notes
Beneficiary SIN	78 to 86	Must be established in the CESP system. For more information, refer to error codes 7001 and 7031 in Appendix E. Understanding error codes.
Academic year start date	101 to 108	Used for statistical purposes.
Academic year length	109 to 111	Used for statistical purposes.
EAP grant amount	161 to 169	The CESG portion of the EAP. Basic and Additional CESG amounts are combined in one notional account of each RESP.
Total EAP amount	170 to 178	Must be greater than 0. For more information, refer to error code 3006 in Appendix E. Understanding error codes.
PSE program length	215	Used for statistical purposes.
PSE program type	216 to 217	Used for statistical purposes.
Education institution postal code	218 to 227	Used for statistical purposes.

Table 20: Key fields for 400-13

Key fields for 400-13	Positions	Notes
PSE program year	228	Used for statistical purposes.
CLB EAP amount	294 to 302	The CLB portion of the EAP.
BCTESG EAP amount	350 to 358	The BCTESG portion of the EAP.

3.5.8.2. Key RT 900 fields for 400-13

The CESP system will acknowledge each successfully processed EAP transaction by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these records.

Table 21: Key RT 900 fields for 400-13

Key RT 900 fields for 400-13	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated EAP transaction.
Grant amount	26 to 36	The CESG portion of an EAP.
CLB amount	127 to 135	The CLB portion of an EAP.

3.5.8.3. Key RT 911 fields for EAPs with a BCTESG amount

If an EAP transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed EAP transaction. It will send promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records.

Table 22: Key RT 911 fields for EAPs with a BCTESG amount

Key RT 911 fields for EAPs with BCTESG amounts	Positions	Notes
BCTESG Amount	4 to 14	The BCTESG portion of an EAP.
Promoter transaction ID	30 to 44	Identifies the associated EAP transaction.

3.5.8.4. Common problems for 400-13 transactions

1. **Beneficiary not established in the system:**

   - the beneficiary for whom an EAP is paid has not yet been set up in the CESP system. The EAP transaction is rejected with an error code 7001 or 7031 in an RT 800

   Resolution: For more information, refer to error codes 7001 or 7031 in Appendix E. Understanding error codes

2. **Mandatory data is missing:**

   - data is missing from mandatory fields submitted in an EAP transaction. The EAP transaction is rejected with a 7005 error code in an RT 800

   Resolution: For more information, refer to error code 7005 in Appendix E. Understanding error codes

3.5.9. PSE contribution withdrawals (400-14)

Eligibility: Subscribers are eligible for a post-secondary education (PSE) contribution withdrawal (400-14) only if a beneficiary is eligible for an EAP. An EAP does not have to be paid in respect of a beneficiary for a subscriber to be eligible for a PSE contribution withdrawal. However, promoters must receive the same proof of enrolment required for an EAP.

Order of withdrawals: Contributions are considered to be withdrawn from notional accounts in the following order:

1. assisted contributions

2. unassisted contributions made in 1998 or later

3. unassisted contributions made before 1998

No penalties: A PSE contribution withdrawal does not trigger the repayment of incentives and does not affect eligibility for Additional CESG. Contributions withdrawn under other situations will trigger the repayment of incentives.

Tax implications and use of funds: Subscribers can withdraw their contributions at any time without tax implications. These amounts are not included on T4As issued to beneficiaries receiving EAPs. While there is no obligation to do so, a subscriber normally uses PSE contribution withdrawals to help pay for a beneficiary's PSE.

3.5.9.1. Key fields for 400-14

The following are key fields for a PSE contribution withdrawal (400-14).

Table 23: Key fields for 400-14

Key fields for 400-14	Positions	Notes
Beneficiary SIN	78 to 86	Must be established in the CESP system. For more information, refer to error codes 7001 and 7031 in Appendix E. Understanding error codes.
Academic year start date	101 to 108	Used for statistical purposes.
Academic year length	109 to 111	Used for statistical purposes.
PSE amount	179 to 187	Contribution amount withdrawn when a beneficiary is eligible for an EAP.
PSE program length	215	Used for statistical purposes.
PSE program type	216 to 217	Used for statistical purposes.
Education institution postal code	218 to 227	Used for statistical purposes.
PSE program year	228	Used for statistical purposes.

3.5.9.2. Key RT 900 fields for 400-14

The CESP system will acknowledge each successfully processed PSE contribution withdrawal transaction. It will send promoters a corresponding

RT 900 in their monthly transaction processing report. The following are key fields in these records.

Table 24: Key RT 900 fields for 400-14

Key RT 900 field for 400-14	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated PSE contribution withdrawal transaction.

3.5.9.3. Common problems for 400-14 transactions

1. **Beneficiary not established in the system:**

   o the beneficiary identified in the PSE contribution withdrawal transaction has not yet been successfully set up in the CESP system. The 400-14 is rejected with an error code 7001 or 7031 in an RT 800

   Resolution: For more information, refer to error code 7001 or 7031 in Appendix E. Understanding error codes

2. **Mandatory data is missing:**

   o data is missing from mandatory fields in a PSE contribution withdrawal transaction. The 400-14 is rejected with an error code 7005 in an RT 800

   Resolution: For more information, refer to error code 7005 in Appendix E. Understanding error codes

3.5.10. Contract transfers (400-19 and 400-23)

The transfer of funds between RESPs has an impact on notional account balances in each RESP. As promoters are the "book of record" for an RESP, they are responsible for:

- reporting accurate amounts of the transferred incentives, and

- updating all notional accounts appropriately after a transfer

With the exception of CLB amounts, which are beneficiary specific, all other notional account amounts are transferred at the plan level.

Promoter must report each RESP transfer to the CESP system in 2 transactions:

- transfer out (400-23) from the relinquishing RESP

- transfer in (400-19) to the receiving RESP

Promoters report only the transferred amounts of the incentives administered by ESDC to the CESP system.

3.5.10.1. Partial transfers

Subscribers must transfer the same proportion from each of the notional account balances (the assisted contributions, unassisted contributions, the CESG and accumulated incomes), with the exception of the CLB and the BCTESG.

Subscribers can choose to transfer all, some or none of the CLB and the BCTESG.

3.5.10.2. Special transfer rules for the CLB

One CLB account per beneficiary: Other incentives have a single account balance for all beneficiaries at the plan level. For the CLB, promoters must maintain notional accounts for each individual beneficiary in a family RESP. The transfer of the CLB can only happen between the CLB notional accounts

of the same beneficiary. Therefore, promoters must update the CLB notional account for each individual beneficiary after a transfer.

3.5.10.3. Key fields for transfer transactions

The following are key fields for transfer transactions (400-19 or 400-23).

Table 25: Key fields for transfer transactions

Key fields for transfer transactions	Positions	Notes
Transaction type	42 to 43	19 = transfer in 23 = transfer out
Grant amount	152 to 160	The total amount of transferred CESG (includes both Basic and Additional CESG amounts).
Other specimen plan ID	188 to 197	Transfers out (400-23) refer to the receiving specimen plan ID. Transfers in (400-19) refer to the relinquishing specimen plan ID. This must be a valid specimen plan ID in the CESP system. For more information, refer to error code 1005 in Appendix E. Understanding error codes.
Other contract ID	198 to 212	Transfers out (400-23) refer to the receiving contract ID. Transfers in (400-19) refer to the relinquishing contract ID. While this field is mandatory for transfers, it is not validated by the CESP system.
CLB amount	285 to 293	The total amount of transferred CLB. The CLB amount reported in a transfer transaction is

Table 25: Key fields for transfer transactions

Key fields for transfer transactions	Positions	Notes
		the combined amount of the CLB transferred for all beneficiaries in the RESP.
BCTESG amount	341 to 349	The total amount of the BCTESG transferred.

3.5.10.4. Key RT 900 fields for transfer transactions

The CESP system will acknowledge each successfully processed transfer transaction (400-19 or 400-23). It will send promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these records.

Table 26: Key RT 900 fields for transfer transactions

Key RT 900 fields for transfer transactions	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated transfer transaction (400-19 or 400-23).
Grant amount	26 to 36	The total amount of transferred CESG (includes both the Basic and Additional CESG amounts).

Key RT 900 fields for transfer transactions	Positions	Notes
CLB amount	127 to 135	The total amount of transferred CLB.

3.5.10.5. Key RT 911 fields for a transfer of BCTESG

If a transfer transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed transfer transaction. It will send promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records.

Table 27: Key RT 911 fields for a transfer of BCTESG

Key RT 911 fields for a transfer of BCTESG	Positions	Notes
BCTESG amount	4 to 14	The total amount of BCTESG transferred.
Promoter transaction ID	30 to 44	Identifies the associated transfer transaction (400-19 or 400-23).

3.5.10.6. Common problems with transfers

1. **Other specimen plan ID is inaccurate:**

   o one promoter does not record the accurate specimen plan ID for their RESP on the RESP transfer form. The other promoter enters

inaccurate information for the "other specimen plan ID" in their system. When the other promoter submits their transfer transaction to the CESP system, it is rejected with an error code 1005 in an RT 800

Resolution: For more information, refer to error code 1005 in Appendix E. Understanding error codes. The promoter that received an error code 1005 must contact the other promoter. They need to obtain the accurate specimen plan ID for their RESP. They will then resubmit a new transfer transaction to the CESP system with the accurate specimen plan ID.

3.5.11. Incentive repayments (400-21)

Federal and regulations and policies specify situations that require incentives to be repaid from an RESP. If that is the case, promoters must submit incentive repayment transactions (400-21) with the following information to the CESP system:

- amount of each incentive to repay

- reason for repayment

Each promoter receives a direct deposit from ESDC to pay all incentive requests that generate payments each month. The CESP system reduces the direct deposit amount by the total of all repayment amounts submitted in 400-21 transactions that month.

3.5.11.1. Impact of repayments on future payments

CESG grant room: The CESG grant room is reduced for a beneficiary each time one of these incentives is paid into an RESP for the beneficiary. However, the CESG repayments are at the plan level. Therefore, the grant room of individual beneficiaries is not restored by the repaid amounts of CESG.

BCTESG: Repaid BCTESG amounts are lost for the beneficiaries named in the RESP. Subscribers cannot request these BCTESG amounts again for the affected beneficiaries.

CLB entitlement: CLB repayments are at the beneficiary level. They do not affect a beneficiary's lifetime entitlement for the CLB. It is possible for a beneficiary to receive again the CLB amounts repaid for that beneficiary.

3.5.11.2. Key fields for 400-21

The following are key fields for incentive repayment transactions (400-21).

Table 28: Key fields for 400-21

Key fields for 400-21	Positions	Notes
Beneficiary SIN	78 to 86	Mandatory only if the CLB amount is greater than 0.
Grant amount	152 to 162	Amount of CESG to repay.
Repayment reason	213 to 214	Reason for repayment. For more information, refer to section 3.5.11.3. Repayment reasons.
CLB amount	285 to 293	Amount of CLB to repay.
BCTESG amount	341 to 349	Amount of BCTESG to repay.

As the CLB is beneficiary specific, promoters must submit a separate repayment transaction for each beneficiary with CLB amounts in a family RESP. All other incentive repayments are at the plan level. They may be combined in a single repayment transaction (400-21) without providing a particular beneficiary SIN.

3.5.11.3. Repayment reasons

Table 29: Repayment reasons

Code – Description	Examples
01 – Contribution withdrawal	Promoters must calculate the amount of CESG to repay if contributions are withdrawn when no beneficiary in the RESP is eligible for an EAP.
02 – AIP	Repay all incentives when a subscriber receives an accumulated income payment (AIP) from the RESP.
03 – Contract termination	Repay all incentives (if applicable) and inform the CESP system that an RESP has been terminated. The transaction is mandatory when RESPs are terminated.
04 – Ineligible transfer	Repay all incentives when an ineligible transfer occurs.
05 – Ineligible beneficiary replacement	Repay all incentives when an ineligible replacement of a beneficiary occurs.
06 – Payment to educational Institution	Repay all incentives if the subscriber pays accumulated earnings to a Canadian designated educational institution instead of taking an accumulated income payment.
07 – Revocation	Repay all incentives when the CRA revokes the registration of an RESP.

Table 29: Repayment reasons

Code – Description	Examples
08 – Ceases to meet sibling only condition	Repay incentives, which can only be paid into a sibling only RESP, when a subscriber adds a cousin to a sibling only family RESP.
09 – Deceased	Repay incentives when a beneficiary dies. With the exception of CLB, other beneficiaries in the same RESP could use incentives paid for a deceased beneficiary. They could also be transferred to another RESP.
10 – Over-contribution withdrawal	Repay the CESG amount if contributions were withdrawn to correct an over-contribution. If the amount of over-contribution is $4,000 or less at the time of the withdrawal, the CESG amount to repay are 0. However, the promoter must still submit a repayment transaction (400-21) to the CESP.
11 – Other	Promoter support officers may instruct promoters to use this reason in various situations.
12 – Non-resident	Repay incentive amounts if it is determined that the beneficiary did not satisfy required residency criteria to be eligible for incentive payments.

3.5.11.4. Mandatory transaction when an RESP is terminated

Promoters must inform the CESP system when they terminate an RESP for any reason. They will submit an incentive repayment transaction (400-21) using the "contract termination" repayment reason (03).

Even if there are no incentives in an RESP when they terminate the plan, they must still report the termination to the CESP system. The incentive amount is set to 0 in the 400-21 transaction.

3.5.11.5. Key RT 900 fields for 400-21

The CESP system will acknowledge each successfully processed repayment transaction (400-21) by sending promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these RT 900.

Table 30: Key RT 900 fields for 400-21

Key RT 900 fields for 400-21	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated repayment transaction (400-21).
Grant amount	26 to 36	The total amount of repaid CESG (could include Additional CESG amounts).
CLB amount	127 to 135	The total amount of repaid CLB.

3.5.11.6. Key RT 911 fields for a BCTESG repayment

If a repayment transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed repayment transaction. It will send promoters a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records.

Table 31: Key RT 911 fields for a BCTESG repayment

Key RT 911 fields for a BCTESG repayment	Positions	Notes
BCTESG amount	4 to 14	The total amount of BCTESG repaid.
Promoter transaction ID	30 to 44	Identifies the associated repayment transaction (400-21).

3.5.11.7. Common problems for 400-21

1. **Promoters do not notify the CESP system about terminations:**

   - a subscriber transferred all of the funds in an RESP to another RESP administered by another promoter and terminates the plan. The relinquishing promoter submitted only a transfer out (400-23) transaction to the CESP system. That promoter does not also submit a mandatory repayment transaction (400-21) with a repayment reason 03 (contract termination). This RESP may be identified as a compliance issue in a CESP compliance review

   Resolution: The promoter of the relinquishing RESP must submit a repayment transaction (400-21) with a repayment reason of 03 (contract termination) after updating all notional account balances to 0. All repayment amounts will be 0 in this transaction

2. **Using reversals instead of repayments:**

   - a subscriber realizes that some contributions for a beneficiary did not receive the CESG due to the annual limit (refusal reason 1). The subscriber wants to withdraw the unassisted contributions (contributions that did not receive grant). The subscriber would like the promoter to reverse all unassisted contributions to avoid

having to repay the CESG. As this is not an administrative error, the promoter cannot reverse the unassisted contributions

Resolution: The promoter should advise the subscriber that nothing can be done about the unassisted contributions that year. The promoter should also explain how the annual CESG limit per beneficiary applies across all RESPs. The promoter will help the subscriber(s) plan contributions in subsequent years

3. **Using repayments instead of reversals:**

   o due to an administrative error made by the promoter, a contribution transaction (400-11) that received the CESG was submitted for the wrong beneficiary in a family RESP. The promoter submits a repayment transaction (400-21) to repay the CESG amount received for the wrong beneficiary. The promoter then submits a new contribution transaction for the correct beneficiary. The original beneficiary's RESP contribution limits, the CESG lifetime limits and the CESG grant room are not restored after a repayment transaction

   Resolution: The promoter should have reversed the 400-11 transaction instead of using a repayment transaction. To correct the problem, the promoter should now reverse the original contribution transaction and also reverse the repayment transaction

3.5.12. Termination adjustments (400-22)

Promoters should use a termination adjustment transaction (400-22) in one instance only. It is to report the amount of incentives they cannot repay due to investment losses when they terminate an RESP.

Example – When insufficient funds exist in the RESP and the plan is terminated

An RESP had an initial fair market value of $3,000 due to $2,500 in contributions and $500 in CESG. The subscriber decides to terminate the RESP after a significant loss when the fair market value was only $400. The

promoter must repay (400-21) a CESG amount which is the lesser of the result of the federal education savings incentives repayment formula and the CESG account balance ($400 in this example).

- RESP market value: $400

- Earnings: $0

- Contributions: $2,500

- Provincial incentives: $0

- CESG: $500

Promoters must use the formula for the repayment of the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

The list of events that triggers repayments when there is a significant investment loss in an RESP is described in the _Canada Education Savings Regulations_, subsection 11(3).

Formula for the repayment of the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

(C × Y) / (Y + G) = amount of federal incentive (CESG, CLB) to be repaid:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance of the amounts that were paid into the RESP under a designated provincial program, in the RESP immediately before the time of the occurrence

Calculation: Amount of the CESG to be repaid to ESDC

($400 × $500) / ($500 + $0) = $400

Note: If more than one federal or provincial incentive remains in the RESP, the promoter must determine the proportion of each incentive to repay.

To balance the CESG liability of $500, the promoter must also report a $100 CESG loss to the CESP system. They will do so by submitting a termination adjustment transaction (400-22).

3.5.12.1. Key fields for 400-22

The following are key fields in a termination adjustment transaction (400-22).

Table 32: Key fields for 400-22

Key fields for 400-22	Positions	Key fields for 400-22
Grant amount	152 to 162	Amount of CESG adjustment.
CLB amount	285 to 293	Amount of CLB adjustment.
BCTESG amount	341 to 349	Amount of BCTESG adjustment.

3.5.12.2. Key RT 900 fields for 400-22

The CESP system will acknowledge each successfully processed termination adjustment transaction (400-22). It will send promoters a corresponding RT 900 in their monthly transaction processing report. The following are key fields in these RT 900.

Table 33: Key RT 900 fields for 400-22

Key RT 900 fields for 400-22	Positions	Notes
Promoter transaction ID	52 to 66	Identifies the associated termination adjustment transaction (400-22).
Grant amount	26 to 36	CESG amount lost.
CLB amount	127 to 135	CLB amount lost.

3.5.12.3. Key RT 911 fields for the BCTESG portion of termination adjustments

If a termination adjustment transaction includes a non-zero BCTESG amount, the CESP system will acknowledge a successfully processed transaction. It will send the promoter a corresponding RT 911 in their monthly transaction processing report. The following are key fields in these records.

Table 34: Key RT 911 fields for the BCTESG portion of termination adjustments

Key RT 911 fields for a BCTESG termination adjustment	Positions	Notes
BCTESG amount	4 to 14	BCTESG amount lost.

Table 34: Key RT 911 fields for the BCTESG portion of termination adjustments

Key RT 911 fields for a BCTESG termination adjustment	Positions	Notes
Promoter transaction ID	30 to 44	Identifies the associated termination adjustment transaction (400-22).

3.5.12.4. Withdrawing contributions after a loss

Order of losses: Promoters must apply losses to earnings first and then to contributions. Once all contributions in the RESP have been depleted, any remaining loss is considered to be applied proportionally to the incentives remaining. This means that the loss will apply proportionally to the federal and provincial education savings incentives remaining in the RESP.

Fair market value test: When subscribers request contribution withdrawals for any reason, promoters must verify the RESP fair market value. They must ensure that it is large enough for the withdrawal amount. This applies even when the RESP is not being terminated and includes PSE contribution withdrawals.

Contribution withdrawal limit: Promoters must subtract all incentive notional account balances from the fair market value to find the maximum contribution withdrawal amount.

For example, a subscriber asked to return all contributions when the promoter terminates his RESP. The following bulleted list shows the notional accounts and the fair market value for the RESP at that time:

- **RESP fair market value**: $2,600

- **Contributions**: $2,500

- **CESG**: $1,000

- **CLB**: $600

In this example, the combined incentive notional accounts would be $1,600 which means the contribution limit would be $1,000 (subtract $1,600 from $2,600). Therefore, the promoter could only return $1,000 of contributions to the subscriber after repaying all incentives remaining in the RESP.

Chapter 4. Registered Education Savings Plan provider user guide – Registered Education Savings Plans

From: [Employment and Social Development Canada](#)

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the [RESP page](#).

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List of acronyms

AIP

　　Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

EAP

Educational assistance payment

ESP

Education savings plan

ESDC

Employment and Social Development Canada

ITA

Income Tax Act

PCG

Primary caregiver

PSE

Post-secondary education

QESI

>Quebec Education Savings Incentive

RDSP

>Registered Disability Savings Plan

RESP

>Registered Education Savings Plan

RRSP

>Registered Retirement Savings Plan

SIN

>Social Insurance Number

SIR

>Social Insurance Registry

Introduction

A Registered Education Savings Plan (RESP) is an education savings plan (ESP) that has been registered with the Canada Revenue Agency (CRA). It is a savings vehicle intended to encourage saving for post-secondary education. More precisely, it is an arrangement between the RESP promoter and subscriber(s).

The subscriber can be anyone depending on the type of RESP opened. For more information, refer to section [4.4. Types of RESPs](#) for an in-depth explanation of all RESP plan types.

The subscriber may make contributions to an RESP. The RESP promoter agrees to use the accumulated funds to make educational assistance payments (EAPs). The promoter makes those EAPs to an eligible beneficiary

designated by the subscriber. RESP earnings are not taxable until they are withdrawn to offset the costs of the beneficiary's post-secondary education.

An RESP must be opened to receive payments of education savings incentives in respect of eligible beneficiaries.

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

4.1. RESPs – An overview

RESP promoters offer education savings plans (ESPs) designed to help their clients save for a child's post-secondary education (PSE).

An ESP contract can be registered if it meets certain terms and conditions stipulated in section 146.1 of the *Income Tax Act* (ITA). The ESP then becomes an RESP. Earnings in the RESP are not taxable until they are withdrawn.

Once an ESP has been registered, it is subject to rules that govern contributions, withdrawals, earnings, and the transfer of monies. Compliance with these rules ensures the registered status of the RESP.

The RESP contract will include terms and conditions that the subscriber must agree to, which vary depending on the type of plan. For example:

- the need for making contributions to the RESP over the term of the contract, or

- whether contributions will be intermittent or on a regular basis (at the discretion of the subscriber)

The RESP promoter invests the funds contributed by the subscriber. When the beneficiary attends a post-secondary educational institution, they can use the earnings and education savings incentives paid to the plan to make EAPs. Those EAPs will help to offset related education expenses. Terms and conditions prescribe when and how these earnings are paid. For more information, refer to Chapter 10. Post-secondary education and educational assistance payments.

When a beneficiary is eligible for an EAP, the subscriber can choose to withdraw some or all of the contributions that they have invested. While there is no requirement to do so, they could also use these PSE contribution withdrawals to help pay for the beneficiary's PSE expenses.

4.1.1. RESPs may qualify for education savings incentives

To encourage Canadians to plan and save for their children's post-secondary education, the Government of Canada offers 2 federal education savings incentives:

- **Canada Education Savings Grant (CESG)** which may include:

    ○ Basic CESG, and

    ○ Additional CESG

- **Canada Learning Bond (CLB)**

An RESP may also include provincial education savings incentives from one of the 2 following **designated provincial programs**:

- **British Columbia Training and Education Savings Grant (BCTESG)**: ESDC administers this education savings incentive through an agreement with the province of British Columbia

- **Quebec Education Savings Incentive (QESI)** is a provincial education savings incentive established under Quebec legislation. ESDC does not administer this provincial incentive

Deposits of education savings incentives into an RESP are possible if the RESP satisfies certain eligibility criteria. They can enhance RESP earnings and be used as an EAP by an eligible beneficiary.

When an ESP is registered and the subscriber makes contributions to that RESP, the contributions may qualify for the CESG. The beneficiary may also qualify for the CLB and/or provincial incentives. However, the CLB, and the BCTESG do not require contributions to an RESP. More information about each of these incentives is provided in these chapters:

4.2. Establishing the RESP

There are 4 parties involved in the process of opening and registering an ESP. They are:

- the subscriber

- the RESP promoter

- ESDC

- the CRA

4.2.1. Opening the ESP

A subscriber enters into an ESP contract with an **RESP promoter** of their choice. The RESP promoter then arranges to have the plan registered with the CRA.

Typically, the **subscriber** is the child's parent or parents. It can also be a beneficiary, a grandparent, another family member, or someone not related to the beneficiary. One person can open the ESP or they can open it jointly with their spouses or common-law partners. Child care agencies can also open an ESP.

There are 3 different types of ESPs:

- family plans

- individual (non-family) plans

- group plans

The subscriber(s) must choose the RESP promoter that they would like to deal with and decide what type of plan that they will open. For more information, refer to section 4.4. Types of RESPs, later in this chapter.

4.2.2. Registering the ESP

An ESP contract must meet certain conditions in order for it to be registered with the CRA.

An RESP promoter must submit certain information to ESDC when applying for the registration of an ESP on behalf of the subscriber, as follows:

- an RESP promoter's application form must:

  - be filled out with accurate and valid information

  - be done according to procedures established by the CRA, and

  - then submitted to the RESP promoter's head office for processing

- the application form must also include a notice to the subscriber(s) that an over-contribution to the plan may result in a penalty tax

Any new contract submitted to the Canada Education Savings Program (CESP) system will be treated as a request to register the plan with the CRA.

The CRA will register only those contracts that meet all registration requirements.

4.2.3. Social Insurance Numbers (SINs)

The SIN is a 9 digit number used in the administration of various Canadian government programs. The Social Insurance Registry (SIR), ESDC, administers the SIN Program.

When opening an ESP, a SIN is required for:

- the ESP subscriber(s), and

- the ESP beneficiary(s)

When requesting the Additional CESG, a SIN is required for:

- the beneficiary's individual primary caregiver (PCG), or
- the individual PCG's cohabiting spouse or common-law partner

When requesting the CLB:

- if the beneficiary is under 18 years of age (CESP application form ESDC SDE 0093):
    - a SIN is required for the beneficiary's individual primary caregiver, or
    - that of the individual PCG's cohabitating spouse of common-law partner
- if the beneficiary is between 18 and 20 years of age (CESP application form ESDC SDE 0107):
    - no SIN other than the one(s) needed to open the RESP need to be collected

The SINs are used to:

- request the CESG and the CLB
- ensure that accurate RESP records are maintained for each beneficiary
- track contributions to RESP(s) for each beneficiary
- verify each beneficiary's eligibility for education savings incentives administered by ESDC
- track incentive payments administered by ESDC to RESP(s) in respect of each beneficiary
- track repayment of incentives administered by ESDC (for example, when making a withdrawal from an RESP)
- track EAPs made in respect of each beneficiary, and

- ensure that tax slips are issued to the right person and correctly

A family member or friend can open an RESP and name a child as the RESP beneficiary. To do so, they will need to obtain the SIN of the child from the child's custodial parent or legal guardian.

The child's custodial parent(s) or legal guardians can apply for a SIN for their child. There are no fees associated with a SIN application. Visit the [Service Canada](#) Web site for the SIN application form and related information.

To obtain a SIN, someone can apply in person at a Service Canada office, by mail or online. After successfully processing a request, Service Canada provides the new SIN information in a confirmation letter. Service Canada no longer issues SIN cards.

4.2.3.1. Verifying the beneficiary's SIN

The SIN is a key piece of information that the CESP system uses to verify a beneficiary's eligibility for the applicable education savings incentive(s). When an RESP is entered into, the RESP promoter submits the beneficiary's SIN information electronically to the CESP system. Then, in partnership with the SIR, it validates the beneficiary's information.

If the beneficiary information submitted by the RESP promoter does not match the information contained in the SIR, the submission will result in an error. This will lead to the CESP system rejecting the information. The CESP system will send a report to the RESP promoter, identifying the field(s) in error. The RESP promoter will have to verify the information provided by the subscriber and resubmit the data to the CESP system.

Until the beneficiary information is successfully processed by the CESP system, any financial information submitted will cause errors. This includes requests for payments of the CESG, the CLB and the BCTESG. The beneficiary information must be successfully processed and established before any financial transactions related to that beneficiary can be processed. For more

information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

4.3. Contributions and their limits

Contributions are deposits made to an RESP by a subscriber in respect of a beneficiary and remain the property of the subscriber. While the subscriber cannot deduct contributions made to an RESP from their taxable income, earnings on contributions are tax sheltered.

Tax on earnings, earnings on contributions made to an RESP are not taxable until the earnings are used as part of an EAP in respect of the beneficiary or until they are paid to the subscriber in an accumulated income payment (AIP) if the beneficiary does not qualify for an EAP.

When beneficiaries use an EAP to help finance their post-secondary education, they will be responsible for paying any taxes on the EAP. Since students generally have limited income, the tax paid will usually be minimal.

If the beneficiary does not attend post-secondary education and the earnings are paid to the subscriber, the subscriber will be responsible for paying any required taxes.

For more information, refer to [Chapter 11. Options for assets remaining in the Registered Education Savings Plan](#).

There is no limit to the number of RESPs that can be opened in respect of a beneficiary. However, the following are the limits on the amount that can be contributed across all existing RESPs for one beneficiary.

Table 1: Contribution limits

Period	Annual contribution limit per beneficiary	Lifetime contribution limit per beneficiary
1998 to 2006	$4,000	$42,000
Since 2007	No limit	$50,000

A beneficiary's contribution limit is based on the total of all contributions, by all subscribers into all RESPs. The annual and lifetime limits cannot be circumvented by entering into multiple plans.

Over-contributions to an RESP are subject to a penalty tax. For more information, refer to section 4.5. Over-contributions.

4.3.1. What are not considered to be contributions

Earnings on the contributions are **not** considered to be contributions when calculating the annual and lifetime contribution limits.

The $25.00 fee paid to an RESP promoter is not considered to be a contribution. This only applies to a first-time request for the payment of the CLB for a beneficiary. This payment is to assist in paying for administrative costs associated with the establishment of these plans.

Federal education savings incentives are not considered to be RESP contributions when calculating contribution limits.

Provincial education savings incentives are not considered to be RESP contributions when calculating contribution limits. These payments are treated in the same way as federal incentives and do not attract federal incentives themselves.

Assisted and unassisted contributions, contributions to an RESP are considered to be either "assisted" or "unassisted":

- an assisted contribution is a contribution made to an RESP that has attracted the CESG

- an unassisted contribution is a contribution made to an RESP that has not attracted the CESG

4.3.1.1. Insurance provisions

Some subscribers may decide to enter into an insurance contract as part of their RESP. This would ensure that contributions to the RESP will continue in the event of certain circumstances (such as the death of the subscriber). This insurance contract will include the payment of insurance premiums. These premiums are **not** considered to be contributions to the RESP.

Insurance proceeds, payments made to an RESP in accordance with the terms of an insurance contract are referred to as "insurance proceeds" and are not considered to be contributions.

Depending on the plan's structure, administration and trustee fees may or may not be considered to be contributions. If there are charges for administration or trustee fees **outside** the plan, they are **not** considered contributions. If they are charged **within** the plan, they can be considered part of the contributions and are therefore subject to contribution limits.

Note: Fees are not to be charged to the education savings incentive portions of an RESP.

For more information, contact the CRA – Registered Plans Directorate at 1-800-267-3100.

4.4. Types of RESPs

There are 3 types of RESPs:

- individual (non-family) plans

- family plans, and

- group plans

The following is a description of each of these plan types.

4.4.1. Individual (non-family) plans

The features of an individual (non-family) plan are as follows:

- there is a single subscriber (includes child care agencies) or joint subscribers that have a spousal or common-law relationship

- there is only one beneficiary at any given time

- the beneficiary does not need to be related to the subscriber

- there is no restriction on the age of the beneficiary – it can be a child or an adult

- there is no restriction on who can be named as the beneficiary. A subscriber could be the beneficiary of their own plan

The subscriber is responsible for presenting the beneficiary's information to the RESP promoter.

4.4.1.1. Naming a replacement beneficiary in an individual plan

A subscriber can replace an existing beneficiary with a new beneficiary if their contract allows for it. When this happens, the original beneficiary's contribution history could be attributed to the replacement. This could affect the annual and lifetime contribution limits for the new beneficiary. Furthermore, this could result in a penalty tax for all subscribers of that beneficiary.

There will not be any tax consequences to the replacement beneficiary if one of the following conditions is met:

- the replacement beneficiary is under 21 and is a sibling of the original beneficiary, or

- both the original and replacement beneficiaries are under 21 and are related by blood or adoption to the original subscriber of the RESP

The subscriber will need to present the RESP promoter with all of the necessary information relating to the replacement beneficiary. The RESP promoter must then submit that information to the CESP system.

For more information, refer to section 4.3. Contributions and their limits and section 4.5. Over-contributions.

4.4.1.2. Making contributions to an individual plan

A subscriber can make contributions to an individual (non-family) plan as long as **contribution limits** for the beneficiary have not been exceeded. However, any transfer of monies from one RESP to another could affect the contribution limits. For more information on transfers, refer to section 4.6. Transfers between RESPs and Chapter 9. Registered Education Savings Plan transfers and the education savings incentives.

Contributions to an individual (non-family) plan must stop at either:

- 31 years after the end of the year the RESP was opened (35 years in the case of a specified plan), or

- 31 years after the end of the year of the "earliest effective date that applies" if a transfer has taken place

Earliest effective date when a transfer has taken place, when a transfer is made between RESPs, the earliest effective date of the 2 plans must be used to determine the date when plan contributions must stop in the receiving plan. For more information, refer to Chapter 9. Registered Education Savings Plan transfers and the education savings incentives.

4.4.2. Family plans

The features of a family plan are as follows:

- there is a single subscriber or joint subscribers that have a spousal or common-law relationship

- there can be one or more beneficiaries at any given time

- the beneficiaries must be related to the original subscriber of the RESP, either by blood or by adoption

- an individual can become a beneficiary of a family RESP only if:

  - that individual has not yet turned 21, or

  - if the individual was, just before joining the family RESP, a beneficiary under another family RESP

- contributions must be made in the name of a specific beneficiary

- annual and lifetime RESP contribution limits apply to each beneficiary. Contributions made to any RESP in respect of a beneficiary count toward that beneficiary's annual and lifetime contribution limits

Family member – relationship, each beneficiary of a family plan must be related by blood or adoption to each living subscriber under the plan or be related to a deceased original subscriber. Under the ITA, a "blood relationship" is that of a parent and child (or grandchild or great grandchild) or that of a brother or sister. The subscriber's niece, nephew, aunt, uncle and cousin do not meet the definition of "blood relative". They, therefore, do not qualify as a beneficiary under a family plan. An individual is not considered to be a "blood relative" of himself/herself.

An adopted child is related by adoption to his parents and grandparents. Stepchildren are related to their stepparents by virtue of being the children of their parent's spouse or common-law partner. This is referred to as "adoption in fact".

Only plans where all beneficiaries are siblings can receive payments of the following incentives:

- Additional CESG

- CLB

- BCTESG

For more information, refer to the applicable incentive chapters in:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

4.4.2.1. Adding a beneficiary to a family plan

If the terms of a subscriber's contract allow for it, the subscriber can add beneficiaries to their plan at any time. However, the additional beneficiaries must still be related to the original subscriber of the RESP, either by blood or by adoption.

Furthermore, any additional beneficiaries must be siblings of the existing beneficiaries if the following incentives have been paid into the RESP:

- the Additional CESG

- the CLB, or

- the BCTESG

If not, the promoter will need to repay all amounts of:

- the Basic CESG

- the Additional CESG

- the CLB, and

- the BCTESG

The eligibility criteria for adding a new beneficiary are as follows:

- additional beneficiaries must be related to the original subscriber of the RESP, either by blood or adoption and must be:

  - under 21 at the time they are added, or

- must have been beneficiaries under another family RESP immediately before being added
- the subscriber must give the additional beneficiary's SIN to the RESP promoter

4.4.2.2. Naming a replacement beneficiary in a family plan

A subscriber can replace an existing beneficiary with a new beneficiary if their contract allows for it. When this happens, the original beneficiary's contribution history could be attributed to the replacement. This could affect the annual and lifetime contribution limits for the new beneficiary. Furthermore, it could result in a penalty tax for all subscribers of that beneficiary.

There will not be any tax consequences to the replacement beneficiary if one of the following conditions is met:

- the replacement beneficiary is under 21 years of age and is a sibling of the original beneficiary, or

- the original and replacement beneficiaries are under 21 years of age. They also need to be related by blood or adoption to an original subscriber of the RESP

Note: The replacement beneficiary must comply with the sibling-only requirement associated with the Additional CESG, the CLB and the BCTESG. Otherwise, these education savings incentives must be repaid. For more information, refer to:

- [Chapter 5. The Canada Education Savings Grant](#)
- [Chapter 6. The Canada Learning Bond](#)
- [Chapter 7. British Columbia Training and Education Savings Grant](#)

The subscriber will need to present the RESP promoter with any necessary information relating to the replacement beneficiary. The RESP promoter must then submit that information to the CESP system.

For more information, refer to section [4.5. Over-contributions](#).

4.4.2.3. Making contributions to a family plan

A subscriber can make contributions to a family plan in respect of a beneficiary. They can do so as long as that beneficiary is under 31 and the beneficiary has not exceeded their **contribution limit**. In addition, any transfer of monies from one RESP to another can affect the beneficiary's contribution limit. For more information on transfers, refer to section [4.6. Transfers between RESPs](#) and [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives.](#)

Contributions for an individual beneficiary must stop at the earliest of 3 applicable dates:

- the date that the beneficiary turns 31, or

- 31 years after the end of the year the RESP was opened, or

- 31 years after the end of the year of the "earliest effective date that applies", if a transfer has taken place (refer to the section [4.4.1.2. Making contributions to an individual plan](#) – **earliest effective date when a transfer has taken place**)

Contributions to a family plan with 2 or more beneficiaries must be made in respect of a specific beneficiary in the plan.

4.4.3. Group plans

The features of a group plan are as follows:

- each group plan is a collection of individual (non-family) RESPs

- group plans are generally referred to as "Scholarship Plan Dealers"

- each group plan is a group trust

- the administration of group plans is based on an age cohort concept. This means that they administer the RESP contracts for beneficiaries of the same age together

- RESP contributions and education savings incentives are tracked per individual beneficiary but are pooled for investment purposes. Pooling is based on all beneficiaries having the same year of eligibility (example: they are in the same age cohort and are expected to attend post-secondary education in the same years. This is usually set to be 3 or 4 years)

- payments for post-secondary education assistance are determined by the number of beneficiaries who are eligible to receive such payments in the year of eligibility

- earnings associated with the CESG, the CLB and the BCTESG can only be shared among the beneficiaries of a particular RESP. As group plans are a collection of individual (non-family) plans, these earnings cannot be shared among a group cohort

4.4.3.1. Making contributions in a group plan

The subscriber must enter into a contractual arrangement with the RESP promoter, specifying a particular savings program. The contract will include the frequency of contributions to be made, the amount of the contributions, and investment options.

The subscriber will then make deposits with the RESP promoter for the duration of the contract. The RESP promoter will credit the contributions to a deposit account in the subscriber's name within the group trust. It will then credit any education savings incentives received by the beneficiary to a separate deposit account in the child's name. That is also done within the group trust. Income earned on contributions can be shared within the group plan. Income earned on education savings incentives cannot be shared.

4.5. Over-contributions

Over-contributions are limits on the total amount of RESP contributions that subscribers can make in respect of a beneficiary, across all existing RESPs.

Table 2: Contribution limits

Period	Annual contribution limit per beneficiary	Lifetime contribution limit per beneficiary
1998 to 2006	$4,000	$42,000
Since 2007	No limit	$50,000

An over-contribution occurs when the total of contributions made in respect of a single beneficiary exceeds that beneficiary's limit. For more information, refer to section 4.3.1. What are not considered to be contributions.

RESP promoters are required to ensure that contributions do not exceed these annual and lifetime limits. For more information, refer to section 4.3. Contributions and their limits.

However, an over-contribution can occur when several subscribers contribute to different RESPs for the same beneficiary without coordinating their contributions. For more information about over-contributions and taxation, contact the CRA at 1-800-267-3100.

The withdrawal of over-contributions will reduce the amount of over-contributions subject to tax. However, such a withdrawal will not reduce the total contributions considered to have been made in respect of the beneficiary. This withdrawn amount of over-contributions still counts toward the total of contributions made in their respect. It will be considered for determining their lifetime limit. Lifetime contribution room is not restored when contributions or over-contributions are withdrawn.

Withdrawing contributions may impact the CESG paid into the RESP. For more information, refer to the applicable chapters following:

4.5.1. Over-contribution due to a transfer

An over-contribution situation can also occur when the subscriber transfers monies from one RESP to another. When making a transfer, the contribution history of the beneficiaries in the transferring plan could be attributed to the beneficiaries in the receiving plan. This could then result in over-contributions. The contribution history will not be applied to receiving plan beneficiaries if one of the following conditions is met:

- the transferring and receiving plans have a common beneficiary, or

- a beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan **and** the receiving plan is a family plan, or

- a beneficiary of the receiving plan is a sibling of a beneficiary in the transferring plan **and** the receiving plan is an individual plan **and** the beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into

Over-contributions exist in respect of a beneficiary. In the event that an over-contribution arises from a transfer, each subscriber who contributed to any plan in respect of the beneficiary in question will be affected. Each of them will be responsible for penalty taxes on the over-contributions.

For more information about over-contributions and taxation, contact the CRA – Registered Plans Directorate at 1-800-267-3100.

4.5.1.1. Determining if the contribution history of the transferring plan applies to the receiving plan

Step 1: Subscriber requests RESP Transfer. Is there a common beneficiary in both plans?

- if the answer is "Yes":

  - contribution history of the transferring plan **will not be** applied to the receiving plan and the transfer **will not** have tax implications

- if the answer is "No":

  - go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- if the answer is "Yes":

  - go to step 3

- if the answer is "No":

  - contribution history of the transferring plan **will be** applied to the receiving plan and the transfer **may** have tax implications

Step 3: Is the receiving plan a family plan?

- if the answer is "Yes":

  - contribution history of the transferring plan **will not be** applied to the receiving plan and the transfer **will not** have tax implications

- if the answer is "No":

  - go to step 4

Step 4: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- if the answer is "Yes":

  - contribution history of the transferring plan **will not be** applied to the receiving plan and the transfer **will not** have tax implications

- if the answer is "No":

- contribution history of the transferring plan **will be** applied to the receiving plan and the transfer **may** have tax implications

4.5.2. Over-contributions due to a beneficiary replacement

When a subscriber chooses to replace the beneficiary of an RESP with another individual, the contribution history of the former beneficiary could be attributed to the replacement beneficiary. This may result in over-contributions and associated tax penalties. Replacement of a beneficiary will not result in over-contributions if one of the following conditions is met:

- the replacement beneficiary is a sibling of the former beneficiary and is not yet 21 at the time of the replacement, or

- neither of the beneficiaries have yet turned 21 and both are related to the original subscriber of the RESP, either by blood or by adoption

If the replacement beneficiary doesn't meet any of the above conditions, this beneficiary could be in an over-contribution situation with associated tax penalties.

4.5.3. Penalty taxes on over-contributions

When an over-contribution occurs, every subscriber is required to pay a 1% per month tax on their share of the over-contribution until it is withdrawn.

For more information about over-contributions, contact the CRA at 1-800-267-3100.

4.6. Transfers between RESPs

The ITA allows for the transfer of monies from one RESP to another. However, the contract terms of a specific plan may not permit it. If subscribers decide to make a transfer, they can choose to transfer all of the monies in the RESP or only part of them.

Transfers may result in the repayment of the CLB, the BCTESG and the **entire** CESG amounts if it doesn't satisfy certain conditions. This would include the Basic CESG and the Additional CESG. Descriptions of the conditions for eligible transfers of each education savings incentive are in [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#).

When doing a transfer between different RESP promoters, they share information between them. The RESP promoter receiving the transferred monies must also receive sufficient information to administer the RESP on a continuing basis, such as:

- subscriber information

- beneficiary information

- the effective date of the plan

- information about contributions, and

- information about the education savings incentives

The RESP transfer form can be downloaded from the **Forms** tab on the [Resources for RESP promoters](#) web page.

4.7. Distribution of assets from an RESP

There are 6 different ways that an RESP promoter can distribute RESP assets:

- EAPs

- accumulated income payments (AIPs)

- rollover of RESP investment earnings into a Registered Disability Savings Plan (RDSP)

- rollover of RESP earnings to a Registered Retirement Savings Plan (RRSP)

- payments to a designated educational institution in Canada, and

- payments of contributions to either the subscriber or the beneficiary

For more information, refer to [Chapter 11. Options for assets remaining in the Registered Education Savings Plan](#).

Chapter 5. Registered Education Savings Plan provider user guide – The Canada Education Savings Grant

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

BN

    Business number

CCB

    Canada child benefit

CESG

    Canada Education Savings Grant

CESP

    Canada Education Savings Program

CRA

    Canada Revenue Agency

CSAA

    Children Special Allowances Act

ESP

    Education savings plan

ESDC

    Employment and Social Development Canada

PCG

    Primary caregiver

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

Introduction

The Canada Education Savings Grant (CESG) is an education savings incentive administered by the Canada Education Savings Program (CESP). The CESP is part of Employment and Social Development Canada (ESDC).

Registered Education Savings Plan (RESP) promoters must enter into an agreement with ESDC to offer the CESG. This also applies to any other education savings incentive administered by ESDC.

The CESG is based on contributions made to an RESP in respect of an eligible beneficiary and consists of 2 components:

- Basic CESG

- Additional CESG

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

5.1. The Basic and Additional CESG – An overview

The CESG consists of:

- a **Basic CESG** of 20% on the first $2,500 (or less) of contributions each year to an RESP. It is available to all eligible residents of Canada regardless of adjusted income, and

- an **Additional CESG** which may be either 10% or 20% on the first $500 (or less) of contributions each year. The payment of this incentive is depending on the adjusted income of the primary caregiver

For more information, refer to section .

The CESG is available for contributions made until the end of the calendar year in which the beneficiary turns 17. CESG payments can't exceed the lifetime limit of $7,200 per beneficiary. Therefore, this amount is the maximum that can be paid across all RESPs in respect of a specific beneficiary.

5.1.1. How it works

The payment of the CESG is based on the following requirements:

- **an RESP**: a subscriber must meet with a participating RESP promoter, open an RESP, and name an eligible beneficiary

- **eligibility criteria**: the subscriber and participating RESP promoter make sure that all eligibility criteria for the CESG have been met

- **application process**: the subscriber requests a participating RESP promoter to request for the CESG on their behalf. For more information, refer to section

- **RESP contributions**: the subscriber makes contributions to the RESP which may attract CESG payments into the RESP

5.2. Eligibility criteria

To determine if a contribution is eligible for the CESG, the following eligibility criteria should be considered.

5.2.1. Basic CESG

- Does the beneficiary have a valid Social Insurance Number (SIN)?

- Has the subscriber established and registered an Education Savings Plan (ESP) with an RESP promoter and named a beneficiary?

- Was the beneficiary a Canadian resident at the time the contribution was made?

- Was the contribution made before the end of the calendar year in which the beneficiary turned 17?

- Were contributions made during the calendar year that a beneficiary turned 16 or 17 years old? If so, one of the following conditions needs to be met before the end of the calendar year the beneficiary turns 15:

  - a minimum of $100 in annual RESP contributions has been made in each of any 4 years (consecutive or not and not withdrawn), or

  - a minimum of $2,000 in RESP contributions has been made (and not withdrawn)

If the answers to all of the questions to this point have been affirmative, the contribution may be eligible for the **Basic CESG**.

5.2.2. Additional CESG

- Is the RESP an individual (non-family) plan or a family plan in which all beneficiaries are siblings?

- Was the contribution made to the RESP on or after January 1, 2005?

- Has the required information been provided?

  For more information, refer to section [5.2.6. Information required to request the Additional CESG](#)

- Is the beneficiary's individual primary caregiver (PCG) eligible to receive the Canada child benefit (CCB)?

- Is the beneficiary a dependent of an individual PCG whose adjusted income is greater than the first tax bracket but less than or equal to the second tax bracket [Footnote1]?

> If the answers to all of the questions to this point have been affirmative, the contribution may be eligible for both the **Basic CESG** and the **10% Additional CESG**

- Is the beneficiary a dependent of an individual PCG whose adjusted income is less than or equal to the first tax bracket ^{Footnote1}?, or

- A dependent of a public PCG receiving payments under the *Children's Special Allowances Act* (CSAA) for the beneficiary?

> If the answers to all of the questions to this point have been affirmative, the contribution may be eligible for both the **Basic CESG** and the **20% Additional CESG**

5.2.3. Types of RESPs for the CESG

The Basic CESG rate of 20% is payable on all eligible contributions made to an RESP recognized by the *Income Tax Act* (ITA).

The Additional CESG rates of 10% or 20% are payable only into the following types of RESPs:

- an individual (non-family) plan, or

- a family plan in which all beneficiaries are siblings

5.2.4. Contributions to an RESP and the CESG eligibility

Contributions deposited to an RESP along with the annual and lifetime limits will determine the amount of CESG payable. For more information, refer to section 5.3. Annual CESG limits and grant room.

To qualify for the CESG, a subscriber is required to make a contribution to an RESP in respect of an eligible beneficiary who is:

- named under the RESP, and

- a resident of Canada at the time of the contribution

Contributions made to an RESP in respect of the CESG can fall under 1 of 2 categories:

- assisted contributions attract the CESG payments

- unassisted contributions don't attract the CESG payments

Consequences of withdrawing assisted contributions:

- the withdrawal of assisted contributions from the RESP may trigger a repayment of the CESG, and

- may affect grant eligibility

For more information, refer to section [5.8. Repaying the CESG](#)

As of 1998, the CESG has been available on contributions made in respect of all eligible beneficiaries. The CESG starts accumulating yearly from birth and remains available until the end of the calendar year in which they turn 17.

Examples: Contributions and the CESG age limit, the beneficiary turns 17 on December 15, 2018. They are only eligible to receive the CESG for 2 more weeks in that year – until December 31, 2018.

A beneficiary turns 17 on January 23, 2018. They can receive the CESG for the rest of that year – until December 31, 2018.

5.2.5. Contributions 16 - and 17-year-old beneficiaries

Special conditions apply for the contributions made during the calendar years in which a beneficiary turns 16 and 17 years old. For those contributions to be eligible for the CESG, 1 of the following conditions must apply:

- a minimum of $100 in annual RESP contributions, in respect of the beneficiary. Contributions must have been made in any 4 years (consecutive or not and not withdrawn), or

- a minimum of $2,000 in RESP contributions, in respect of the beneficiary, must have been made (and not withdrawn)

Subscribers have to meet either of those conditions before the end of the calendar year the beneficiary turned 15.

5.2.6. Information required to request the Additional CESG

The CESP system requires the PCG information or that of the individual PCGs cohabiting spouse or common-law partner, if applicable. This information is necessary to verify a beneficiary's eligibility for the Additional CESG with the Canada Revenue Agency (CRA).

Promoters must submit a contribution transaction to the CESP system to request the CESG for that contribution. When a contribution transaction includes information about the PCG (or the individual PCGs cohabiting spouse or common-law partner, if applicable), the CESP system:

- uses that information to validate the beneficiary's eligibility for the Additional CESG on that contribution

5.2.6.1. Individual PCG

A person is the individual PCG of a beneficiary if they are eligible to receive the Canada child benefit (CCB) for the beneficiary. A beneficiary could have more than one individual PCG if 2 people, who don't live together, share custody of the beneficiary. For more information, refer to section 5.2.7. Shared custody.

The CCB is a tax-free monthly payment made to eligible families. This payment is to help them with the cost of raising children under the age of 18. To be eligible to receive the CCB, it is necessary to complete an application form with the CRA. This form, plus additional information, is available at the CRA. Contact any local Tax Services Office, or call toll-free at 1-800-959-8281.

An individual PCG or, as of 2018, their cohabiting spouse or common-law partner, if applicable, must:

- provide their name and SIN on the CESP application form to request the Additional CESG

The individual PCG's adjusted income is used, in part, to validate eligibility for the Additional CESG.

The CRA calculates a PCG's adjusted income using, in part, the net income reported on line 23600 of their tax returns. If applicable, it will also consider income information of their cohabiting spouse or common-law partner, if applicable.

5.2.6.2. Public PCG

A public PCG is an organization that is entitled to receive payments for the beneficiary under the CSAA.

The Children's Special Allowance is a tax-free monthly payment for a child who:

- is under the age of 18

- who physically lives in Canada, and

- who is under the care of an agency

A public PCG must provide their business number (BN) to request the Additional CESG. To be eligible for the 20% Additional CESG rate, the CRA verifies that the public PCG is entitled to payments for the beneficiary under the CSAA.

5.2.7. Shared custody

It is possible for a beneficiary to be cared for by an individual PCG and their cohabiting spouse or common-law partner. In that case, only one person would receive the CCB for that beneficiary at any given time.

However, if 2 individuals don't live together, but care for and share the custody of the beneficiary, the scenario is different. They may share the CCB payment since, in these situations, both may be an individual PCG of the beneficiary at the same time.

5.2.7.1. Example

Having shared custody, 2 parents (Robert and Sarah) decided to live separately and agreed to share custody of their child. As both parents applied for and receive their share of their child's CCB payments, they are both an individual PCG for their child.

Both parents opened their own individual RESP for their child. They also both requested the payment of the Additional CESG into their RESPs and provided the required information on the CESP application form.

Table 1: Shared custody

RESP for their child	Individual PCG recognized by the CRA for the child	Individual PCG named on the Additional CESG requests
RESP A	Robert and Sarah	Robert
RESP B	Robert and Sarah	Sarah

In this example, all contributions to RESP "A" could be submitted to the CESP system with Robert's SIN as the individual PCG. If Robert has a cohabiting spouse or common-law partner, they could submit that SIN instead.

Similarly, all contributions to RESP "B" could be submitted to the CESP system with Sarah's SIN as the individual PCG. If Sarah has a cohabiting spouse or common-law partner, they could submit that SIN instead.

The CESP system would validate the beneficiaries' Additional CESG eligibility using the SIN of the PCG submitted with each contribution transaction. The

same process would apply if the SIN of their cohabiting spouse or common-law partner is submitted.

5.2.8. Tax year used to validate eligibility for the Additional CESG

The CESP system uses income amounts from the most recent tax information to determine eligibility for the Additional CESG.

It uses income reported for one tax year to validate the Additional CESG eligibility. This applies for all contributions made in a calendar year in respect of a beneficiary. On January 1 of each year, the CESP system re-examines the Additional CESG eligibility of existing beneficiaries for that calendar year. At the beginning of a calendar year, the most recent income reported to the CRA is normally from 2 years in the past. For example, on January 1, 2018, the most recent income on file at the CRA is from 2016 which was reported to the CRA in 2017.

Exception: A subscriber makes an initial Additional CESG request for a beneficiary. The individual PCG of that beneficiary receives their CCB payment for the first time between July 1 and December 31. Only in this case the eligibility (for that calendar year only) may be validated using income on file from the previous calendar year.

5.3. Annual CESG limits and grant room

From 1998 to 2006, the CESP adds $400 annually to the grant room (unused Basic CESG amounts) of each eligible beneficiary. As of 2007, the CESP adds $500 annually to the grant room of each eligible beneficiary.

Grant room can accumulate until the end of the calendar year in which the child turns 17. This is applicable even if the child isn't named as a beneficiary in an RESP.

Table 2: Annual CESG limits and grant room

Period	Annual amount added to Basic CESG grant room per beneficiary
1998 to 2006	$400
Since 2007	$500

The amount of grant room carried forward will affect the maximum amount of Basic CESG payable for a beneficiary in a single calendar year. We have to remember that the subscriber needs to make sufficient contributions to the RESP.

If a beneficiary is eligible for the Additional CESG in a particular year, the subscriber must make an RESP contribution for that beneficiary during that same year. Unused entitlements to the Additional CESG can't be carried forward for use in future years.

The CESP system pays the CESG on contributions made to an RESP in the name of a beneficiary. Eligible children can benefit from grant room only if they are beneficiaries of an RESP.

It's possible that all contributions made across all RESPs in respect of a beneficiary are insufficient to receive the full amount added to the grant room each year. In that case, the difference (unused Basic CESG amounts) will carry forward and be added to the accumulated grant room for use in future years. This allows subscribers to potentially catch up on the unused Basic CESG amounts.

The following tables and examples illustrate how the Basic CESG and the Additional CESG are calculated. They also describe the annual limit of the corresponding CESG.

Table 3: Basic CESG

Period	The Basic CESG annual limit	Contribution required for the Basic CESG annual limit
1998 to 2006	$800 (20% of $4,000)	$4,000
Since 2007	$1,000 (20% of $5,000)	$5,000

Table 4: Additional CESG

Individual PCG's adjusted income	The Additional CESG annual limit
Less than or equal to the first tax bracket Footnote1	$100 (20% of $500)
Greater than the first tax bracket but less than or equal to the second tax bracket Footnote1	$50 (10% of $500)
More than the second tax bracket Footnote1	$0

Example: The annual Basic CESG limit and grant room, $1,000 of grant room has accumulated due to unused Basic CESG amounts being carried forward.

An RESP could receive a total of $1,000 of Basic CESG in one year from a $5,000 RESP contribution made in respect of the beneficiary.

In this scenario, the entire $5,000 of contributions would be eligible for a 20% payment of the Basic CESG. This allows the subscriber to catch up on the beneficiary's grant room that was carried forward from previous years. The full $5,000 would be an assisted contribution.

Example: The annual Additional CESG limit and grant room, the beneficiary is eligible to receive the 10% Additional CESG on the first $500 of contributions. $50 ($500 × 10%) of the Additional CESG is payable over and above the $1,000 of the Basic CESG shown in the previous example. This means the total CESG limit for that year is $1,050 for that beneficiary.

The beneficiary is eligible to receive the 20% Additional CESG on the first $500 of contributions. $100 ($500 × 20%) of the Additional CESG is payable over and above the $1,000 of the Basic CESG shown in the previous example. This means the total CESG limit for that year would be $1,100 for that beneficiary.

Table 5: Annual maximum amounts per beneficiary

Contributions	Limits
RESP	1998 to 2006: $4,000 Since 2007: No annual limit
Basic CESG	1998 to 2006: • Annual amount added to grant room: $400 • Basic CESG annual limit: $800 Since 2007: • Annual amount added to grant room: $500

Table 5: Annual maximum amounts per beneficiary

Contributions	Limits
	• Basic CESG annual limit: $1000
Additional CESG	Since 2005: Yearly maximum Additional CESG (10% or 20% on the first $500 of contributions): + $100 **or +** $50
Total CESG (Basic + Additional)	2005 to 2006: • Yearly maximum payable with carry forward: **$900** Since 2007: • Yearly maximum payable with carry forward: **$1,100**

5.3.1. Grant room and beneficiary residency

If a family moves out of Canada, it could change their residency status, for tax purposes, during that time. In these situations, the children would not accumulate grant room.

Subscribers are responsible for informing their RESP promoter of changes in beneficiary residency status. In turn, the RESP promoter must not accept RESP contributions nor request the CESG if the beneficiary does not meet residency requirements.

If parents of beneficiaries are with a diplomatic mission or in the Canadian Armed Forces:

• the CRA may still consider the beneficiaries and their families to be residents of Canada

In these situations, the beneficiaries would be eligible for the CESG and their grant room would continue to accumulate.

To determine residency status, contact the CRA International Tax Services Office at 1-800-267-5177.

5.4. Lifetime CESG limits

The maximum lifetime CESG limit is $7,200 per beneficiary. The sum of the Basic and the Additional CESG payments cannot exceed this limit.

A subscriber opens an RESP, names a child as the beneficiary at birth and deposits $2,000 annually until the end of the year in which this beneficiary turns 17. All of these contributions may be eligible for the maximum lifetime CESG of $7,200 assuming the beneficiary is only eligible for the Basic CESG.

Example: A beneficiary is only eligible for the Basic CESG

$2,000 × 18 years = $36,000 of contributions $400 × 18 years = $7,200 of Basic CESG.

When the beneficiary is eligible for the Additional CESG:

- the time and the amount of contributions required to reach the lifetime $7,200 CESG limit for the beneficiary would be reduced

Example: A beneficiary is also eligible for the 20% Additional CESG

$2,000 × 14.4 years = $28,800 of contributions, $400 × 14.4 years = $5,760 of Basic CESG, $100 × 14.4 years = $1,440 of Additional CESG.

Once the sum of all CESG payments in respect of a beneficiary have reached the lifetime CESG limit of $7,200, additional contributions would no longer attract any CESG payments for that beneficiary. The sum of all CESG payments includes all contributions made to all RESPs in which the beneficiary is named.

5.5. Calculating the CESG

The Basic CESG and the Additional CESG are calculated independently.

5.5.1. Calculating the Basic CESG

The Basic CESG amount equals 20% of the eligible contribution a subscriber makes to the RESP in respect of the beneficiary.

Calculating the Basic CESG

Eligible contribution × 20% = Basic CESG amount

The yearly amount of Basic CESG that payable in respect of a beneficiary is limited to the lesser of:

- the accumulated grant room available for the beneficiary

- the Basic CESG annual limit

Table 6: Calculating the Basic CESG

Period	Basic CESG annual limit	Contribution required for the Basic CESG annual limit
1998 to 2006	$800 (20% of $4,000)	$4,000
Since 2007	$1,000 (20% of $5,000)	$5,000

For more information, refer to section <u>5.3. Annual CESG limits and grant room</u>.

5.5.2. Calculating the Additional CESG

To calculate the Additional CESG, the CESP system must first determine if the beneficiary is eligible for the 10% or 20% Additional CESG rates. An eligible beneficiary in care of a public PCG qualifies for the 20% rate. However, the

rate for a beneficiary in care of an individual PCG depends on the adjusted income of the individual as shown in the following table.

Table 7: Calculating the Additional CESG

Individual PCG adjusted income	Additional CESG rate
Less than or equal to the first tax bracket Footnote1	20%
Greater than the first tax bracket but less than or equal to the second tax bracket Footnote1	10%
More than the second tax bracket Footnote1	Beneficiary is not eligible

The Additional CESG of 10% or 20% is paid annually on the first $500 (or less) of eligible contributions for the beneficiary.

Calculating the Additional CESG

Eligible contribution × 10% or 20% = Additional CESG amount

For more information, refer to section 5.2.6. Information required to request the Additional CESG.

5.5.3. CESG calculation examples

The calculation of the CESG depends on a number of factors, such as:

- the birth year of the beneficiary

- eligibility for the Additional CESG, and

- the amount of unused Basic CESG amounts carried forward (grant room)

5.5.3.1. Basic and Additional CESG example with no carry forward

In the following example, the entire annual amount added to grant room is used every year. This limits the eligible contributions for the Basic CESG to $2,000 (in 2005 and 2006) or $2,500 (in 2007). The beneficiary was also eligible for the 20% Additional CESG rate every year.

This example shows amounts for annual contributions and also lists the eligible contributions separately for the Basic CESG and the Additional CESG. We then use these values to calculate the amounts paid for the Basic CESG and the Additional CESG.

Table 8: Amounts for annual contributions and eligible contributions for the Basic CESG and the Additional CESG

Year	Age of beneficiary	Annual amount added to grant room	Annual contributions in respect of the beneficiary	Eligible contributions[2] : Basic CESG	Eligible contributions[2] : Additional CESG	Basic CESG paid	Additional CESG paid	Total CESG paid
2005	0 to 12 months	$400	$2,000	$2,000	$500	$400	$100	$500
2006	1	$400	$2,000	$2,000	$500	$400	$100	$500
2007	2	$500	$3,000	$2,500	$500	$500	$100	$600
Sub-totals:	n/a	n/a	$7,000	$6,500	$1,500	$1,300	$300	$1,600

Table 8: Amounts for annual contributions and eligible contributions for the Basic CESG and the Additional CESG

Year	Age of beneficiary	Annual amount added to grant room	Annual contributions in respect of the beneficiary	Eligible contributions[2] : Basic CESG	Eligible contributions[2] : Additional CESG	Basic CESG paid	Additional CESG paid	Total CESG paid
Total in RESPs:	n/a	n/a	$8,600 ($7,000 Contributions + $1,600 CESG)	$8,600 ($7,000 Contributions + $1,600 CESG)	$8,600 ($7,000 Contributions + $1,600 CESG)	$8,600 ($7,000 Contributions + $1,600 CESG)	$8,600 ($7,000 Contributions + $1,600 CESG)	$8,600 ($7,000 Contributions + $1,600 CESG)

In this example, we can determine the CESG amount paid over the 3 years using the following calculations:

Basic CESG: $6,500 (eligible contributions) × 20% = $1,300

20% Additional CESG: $1,500 (eligible contributions) × 20% = $300

Total CESG (Basic + Additional): $1,300 (Basic CESG) + $300 (Additional CESG) = $1,600

5.5.3.2. Catching up on unused grant room – Basic CESG only

Consider the following example for a beneficiary who was born in 2005 but was never eligible for the Additional CESG.

The subscriber can catch up on 4 years of unused Basic CESG amounts (grant room) between 2005 and 2008. They could do so by making contributions each year that exceed $2,500 from 2009 to 2014. The child was named as a beneficiary in only one RESP.

Table 9: Catching up on unused grant room – Basic CESG only

Year	Annual amount added to grant room	Accumulated grant room	RESP contributions	Basic CESG paid to RESP	CESG carry forward
2005	$400	$400 (0 + $400)	$0	$0	$400
2006	$400	$800 ($400 + $400)	$0	$0	$800
2007	$500	$1,300 ($800 + $500)	$0	$0	$1,300

Table 9: Catching up on unused grant room – Basic CESG only

Year	Annual amount added to grant room	Accumulated grant room	RESP contributions	Basic CESG paid to RESP	CESG carry forward
2008	$500	$1,800 ($1,300 + $500)	$0	$0	$1,800
2009 Footnote3	$500	$2,300 ($1,800 + $500)	$3,000 (assisted)	$600	$1,700 ($2,300 − $600)
2010	$500	$2,200 ($1,700 + $500)	$3,000 (assisted)	$600	$1,600 ($2,200 − $600)
2011	$500	$2,100 ($1,600 + $500)	$3,000 (assisted)	$600	$1,500 ($2,100 − $600)
2012	$500	$2,000 ($1,500 + $500)	$5,000 (assisted)	$1000	$1,000 ($2,000 − $1000)
2013	$500	$1,500 ($1,000 + $500)	$5,000 (assisted)	$1000	$500 ($1,500 − $1,000)
2014	$500	$1000 ($500 + $500)	$5,000 (assisted)	$1000	$0 ($1,000 − $1,000)
2015	$500	$500 ($0 + $500)	$2,500 (assisted)	$500	$0 ($500 − $500)
2016	$500	$500 ($0 + $500)	$2,500 (assisted)	$500	$0 ($500 − $500)

The contributions made from 2005 to 2008 qualified for both the Basic and the Additional CESG amounts. However, the carry forward calculation is solely dependent on the Basic CESG amounts.

5.5.3.3. Catching up on unused grant room – Basic and Additional CESG

The following example is for a beneficiary who is eligible for both the Basic CESG and the Additional CESG. This illustrates how a subscriber could catch up on unused Basic CESG amount. The child was born in 2005 and was named as a beneficiary in only one RESP.

Table 10: Catching up on unused grant room – Basic and Additional CESG

Year	Amount Added to Grant Room	Accumulated Grant Room	RESP Contribution	Adjusted Income	Basic CESG Paid	Additional CESG Rate	Additional CESG Paid	Carry Forward
2005	$400	$400 ($0 + $400)	$200	$32,000	$40 (20% × $200)	20%	$40 (20% × $200)	$360 ($400 – $40)
2006	$400	$760 ($360 + $400)	$300	$31,000	$60 (20% × $300)	20%	$60 (20% × $300)	$700 ($760 – $60)
2007	$500	$1,200 ($700 + $500)	$400	$45,000	$80 (20% × $400)	10%	$40 (10% × $400)	$1,120 ($1,200 – $80)
2008	$500	$1,620 ($1,120 + $500)	$2,000	$52,000	$400 (20% × $2,000)	10%	$50 (10% × $500)	$1,220 ($1,620 – $400)
2009	$500	$1,720 ($1,220 + $500)	$3,000	$91,000	$600 (20% × $3,000)	n/a	$0	$1,120 ($1,720 – $600)
2010	$500	$1,620 ($1,120 + $500)	$5,000	$93,000	$1,000 (20% × $5,000)	n/a	$0	$620 ($1,620 – $1,000)
2011	$500	$1,120 ($620 + $500)	$5,000	$95,000	$1,000 (20% × $5,000)	n/a	$0	$120 ($1,120 – $1,000)

Table 10: Catching up on unused grant room – Basic and Additional CESG

Year	Amount Added to Grant Room	Accumulated Grant Room	RESP Contribution	Adjusted Income	Basic CESG Paid	Additional CESG Rate	Additional CESG Paid	Carry Forward
2012	$500	$620 ($120 + $500)	$3,000	$98,000	$600 (20% × $3,000)	n/a	$0	$20 ($620 – $600)
2013	$500	$520 ($20 + $500)	$2,600	$99,000	$520 (20% × $2,600)	n/a	$0	$0 ($520 – $520)

The contributions made from 2005 to 2008 qualified for both the Basic and the Additional CESG amounts. However, the carry forward calculation is solely dependent on the Basic CESG amounts.

5.6. Applying for the Basic and the Additional CESG

The following numbered list provides an overview of the application process for the Basic and Additional CESG.

1. Establish the ESP: notify parent/legal guardian within 90 days. For the Additional CESG: Individual (non-family) plan or family plan with siblings only. Information required:

   ○ subscriber SIN

   ○ beneficiary SIN

2. Confirm eligibility criteria. Subscriber deposits contributions:

   ○ individual PCG (or their cohabiting spouse or common-law partner): name and SIN

   ○ public PCG: business number (BN)

3. Complete and sign the CESP application form

4. Submit information to the CESP system/request registration of ESP

5. The CESP system validates data and communicates with the CRA to request registration of the ESP

6. The CESP system calculates and pays the CESG

5.6.1. The application process for the Basic and the Additional CESG

Who is involved, the process of applying for the Basic CESG and the Additional CESG includes the participation of the following individuals:

- the RESP promoter

- the subscriber(s)

- the custodial parent or legal guardian

- the PCG or, as of 2018, their cohabiting spouse or common-law partner if applicable (for the Additional CESG only)

The RESP promoter facilitates the application process by:

- establishing and requesting registration of an education savings plan (ESP) (initiated by the subscriber)

- confirming with the subscriber that the beneficiary qualifies for the CESG by discussing the eligibility criteria. This will allow to determine if the beneficiary may qualify only for the Basic CESG or also the Additional CESG, and

- assisting the subscriber to complete the appropriate application form

The following provides a step-by-step overview of the application process:

1. the subscriber approaches an RESP promoter authorized to offer the Basic CESG and the Additional CESG. They can then start the process of opening and registering an ESP and naming a beneficiary

2. the RESP promoter establishes the ESP, making sure to obtain the SIN for:

   - the subscriber, and

   - the beneficiary

   Note: If the subscriber is applying for the Additional CESG, the plan must be an individual (non-family) plan or a family plan in which all beneficiaries are siblings.

   Opening and registering the ESP, the RESP promoter must notify the parent or the legal guardian that an ESP is open for the beneficiary.

They have to do so within 90 days of establishing the plan. The CESP system is responsible for communicating to the CRA the request to register the ESP. For more information, refer to [Chapter 4. Registered Education Savings Plans](#)

3. the RESP promoter reviews the eligibility criteria with the subscriber. They will then be able to identify whether the beneficiary qualifies for the Basic CESG or both the Basic and the Additional CESG:

    ○ for more information, refer to section [5.2. Eligibility criteria](#)

4. the RESP promoter ensures that the subscriber completes the appropriate application form and obtains the required information and signature

    Note: Maintain the original signed application form according to established record keeping procedures

    For instructions to complete the form, refer to [Appendix A. Application forms – Education Savings Incentives](#) on the [Resources for RESP promoters](#) web page

Individual PCG, if applying for the Additional CESG amounts for a beneficiary in care of an individual PCG, make sure to obtain the SIN of the PCG. Since January 1, 2018, a cohabiting spouse or common-law partner, can provide their information instead.

The individual PCG is the person eligible to receive the CCB.

Public PCG, if applying for the Additional CESG amounts for a beneficiary in care of a public PCG, make sure to obtain the PCG's BN.

The public PCG could be a department, agency, or institution that receives a payment for the child under the CSAA.

Accurate information ensures payment of the CESG, when completing the CESP application form, it is important to verify the accuracy of all information. The promoter uses the information on this form to electronically submit the CESG request to the CESP system. Inaccurate

information may result in the transaction being rejected, delaying the payment of the CESG. For more information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#)

5. the subscriber makes contributions to the RESP which are a requirement to qualify for the Basic CESG and the Additional CESG

   Note: Special conditions apply to contributions made during the calendar years in which the beneficiary turns 16 and 17 years old. For more information, refer to [5.2.5. Contributions for 16 and 17 year old beneficiaries](#)

   RESP contribution limits per beneficiary, the RESP promoter can take this opportunity to remind the subscriber of RESP contribution limits in respect of each beneficiary:

   - **1998 to 2006**:
     - annual RESP contribution limit: $4,000
     - lifetime RESP contribution limit: $42,000
   - **since 2007**:
     - annual RESP contribution limit: no limit
     - lifetime RESP contribution limit: $50,000

6. the RESP promoter processes the application form according to their established procedures

5.6.2. Post-application checklist

- Confirm all information is accurate on the CESP application form

  Accurate information ensures timely payment of the CESG. Inaccurate information may result in a delayed payment

- Remind subscribers of RESP contribution limits. They also inform them of the need to coordinate contributions if they are aware of other RESPs that have been established for the beneficiary

  This will help avoid over-contributions and potential penalty taxes

- Remind the subscriber that more than one RESP can be established for a beneficiary. This could result in the CESP system receiving multiple requests for the CESG in respect of the beneficiary

  If multiple requests are submitted for the same beneficiary, the CESG will be paid to the first request submitted and successfully processed by the CESP system

For more information, refer to 5.7.1. Order of payments.

- The RESP promoter must notify the custodial parent or legal guardian within 90 days that an ESP has been opened. This is for cases when the subscriber is not the beneficiary's custodial parent or legal guardian

- Advise subscribers that the RESP promoter will notify them once the ESP has been registered with the CRA

- Advise subscribers that the RESP promoter will notify them of the CESG payments to the RESP

5.7. Receiving and depositing the CESG

Once RESP promoters receive a CESG payment from ESDC, they are responsible for:

- depositing the payment into the appropriate RESP, and

- accounting for the payment in the CESG notional account

5.7.1. Order of payments

A child can be a beneficiary of more than one RESP at a given time. For that reason, the CESP system responds to requests for the CESG on a first-come, first-served basis.

When multiple requests are submitted for the same beneficiary in the same monthly reporting period, the CESG will be paid for the request with the earliest transaction date. For multiple CESG request that have the same contribution date, the CESG amount paid is prorated across all successfully processed requests in that processing period.

5.7.2. Sharing the CESG and earnings – Family and group plans

You can use the Basic CESG, the Additional CESG and the RESP earnings in an educational assistance payment (EAP) by any eligible beneficiary of the RESP. This is applicable as long as the beneficiary meets the requirements for the EAP.

However, the existence of any Additional CESG in the RESP places restrictions on who the subscriber can name as a beneficiary of the plan. It also has an effect on who can share those additional amounts and associated earnings. For the plan to have received the Additional CESG, all of the beneficiaries of a family plan had to have been siblings.

You cannot share the CESG and the earnings on the CESG among beneficiaries in a group plan. This is true regardless of whether or not the plan received the Basic CESG or the Additional CESG.

Forfeited CESG and earnings on the CESG in group plans

The *Canada Education Savings Regulations* stipulate that the "CESG and the earnings generated on them may only be shared among the beneficiaries of the RESP". The term "RESP" refers only to the individual contract itself and not the group RESPs under the same specimen plan. As a result, the forfeited CESG and the forfeited earnings on the CESG cannot be redistributed among group plan cohorts.

Promoters need to repay any forfeited amounts of the CESG to the government of Canada. However, they can manage the forfeited earnings in 1 of the following ways:

- as an accumulated income payment (AIP)

- as a payment to a designated educational institution

For more information about these options, refer to [Chapter 11. Options for assets remaining in the Registered Education Savings Plan](#).

5.7.3. Reasons for non-payment of the CESG

To ensure that an RESP receives all eligible amounts of the CESG, the RESP promoter must:

- ensure that the subscriber complete accurately the CESP application form. For more information, refer to [Appendix A. Application forms – Education Savings Incentives](#)

- submit the information collected on the form, along with other required information, to the CESP system via electronic transactions. These transactions must pass the required validation for the formatting and business rules specified in the CESP Interface Transaction Standards (ITS)

The CESP system acknowledges a successfully processed request for the CESG by sending the RESP promoter a record in their monthly transaction processing report.

This record will include the CESG amount that will be paid.

There may be situations in which the CESP system will not pay the CESG for specific CESG requests. The CESP system will send reports to the RESP promoter if:

- a request for the CESG is **rejected**, or

- a request for the CESG is **refused**

For more information about the information exchanged between the RESP promoters and the CESP system, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

5.7.3.1. When requests for the CESG are rejected with an error code

If a request for the CESG contains an error (example: the electronic transaction has an error in formatting):

- the CESP system will reject the transaction with an **error code**

The CESP system generates monthly error reports and RESP promoters are responsible for making the necessary corrections for these rejected transactions.

For more information about error codes, refer to [Appendix E. Understanding error codes](#).

5.7.3.2. When requests for the CESG are processed with a refusal reason

The CESP system may refuse to pay the CESG for successfully processed CESG requests. This would occur if one or more of the CESG business rules are not satisfied. For example, contributions made after December 31 in the year the beneficiary turned 17 are not eligible for the CESG.

The CESP system informs RESP promoters when a CESG request has been successfully processed with a **refusal reason** in their monthly transaction processing report.

For more information about refusal reasons, refer to [Appendix F. Understanding refusal reasons](#).

5.7.4. Condition for payment of the CESG – 3-year rule

The RESP promoter must submit a request for the CESG and have it successfully processed within 3 years of the corresponding contribution date.

This condition ensures that the RESPs of eligible beneficiaries receive the CESG:

- within a reasonable timeframe, and

- that payments are not delayed due to administrative issues

This 3-year rule also applies to correcting financial transactions. If the RESP promoter submits incorrect information or makes a formatting error in the financial transaction, they must take action. They must correct it and resubmit that transaction within 3 years of the original transaction date.

Example: 3-year rule, a subscriber makes a contribution on July 14, 2016. However, due to a keying error on the part of the RESP promoter, the contribution transaction did not include a request for the CESG.

The CESP system returns a record in the transaction processing report. This record notifies the RESP promoter that the CESG was not paid because it was not requested. It would do so with a refusal reason 6, "transaction requested no grant/bond".

To obtain the CESG on this contribution, the RESP promoter must reverse the original transaction (that requested no grant) and resubmit a new transaction with the "grant requested flag" set to "Yes". The new transaction must be sent in a file to the CESP system:

- within 3 years of the July 14, 2016

- transaction date (no later than July 14, 2019), and

- that resubmitted transaction must be successfully processed by the CESP system

If the RESP promoter fails to successfully submit or correct a transaction within the 3 year period:

- the CESP system will process the transaction but will not pay the CESG

5.8. Repaying the CESG

Certain circumstances require a repayment of the CESG to the Government of Canada. They fall under one of 2 categories (or types), as follows:

- withdrawal of assisted contributions

- other repayment circumstances

The type of circumstance will determine the method used to calculate the amount of CESG that must be repaid.

Repayment consequences, repayment of the CESG does not restore the amount to the beneficiary's grant room. For more information, refer to section 5.3. Annual CESG limits and grant room.

5.8.1. Repayment process

The RESP promoter must:

1. recognize and identify circumstances that require a CESG repayment

2. determine the CESG amount to repay

3. determine if there is a pending grant, if so, the promoter must repay the CESG when it is received, and

4. submit the required financial transaction(s) to the CESP system, indicating the amount and reason for the repayment

For more information, refer to section 5.8.4. Submitting repayment information to the CESP system.

5.8.2. Withdrawal of contributions

The CESG was introduced as a contribution-based incentive to encourage parents to save for their child's post-secondary education. Consequently, there are specific rules that govern the withdrawal of contributions from an RESP.

5.8.2.1. Order of contribution withdrawals

The following order applies when a subscriber withdraws contributions from an RESP:

1. assisted contributions that were made in 1998 and after

2. unassisted contributions that were made in 1998 and after

3. unassisted contributions that were made before 1998

A subscriber can withdraw contributions from an RESP without having to repay the CESG only if:

- the withdrawal is to correct an over-contribution of $4,000 or less made to an RESP, or

- a beneficiary of the plan is eligible to receive an EAP

In any other instance, the withdrawal of assisted contributions requires a repayment of the CESG.

Withdrawals to correct an over-contribution, under normal circumstances, a withdrawal of contributions will require a repayment of the CESG. However, the CESG does not have to be repaid if:

- the withdrawal is to correct an over-contribution, and

- the amount of the over-contribution at the time of the withdrawal is $4,000 or less

The subscriber must inform the promoter if withdrawing an over-contribution of $4,000 or less made to an RESP. As an example, the subscriber may use the form entitled Subscriber Statement for an RESP Over-contribution Withdrawal of $4,000 or less (SDE0074). This document or the other declaration must be kept with the client's file. It represents a record as to why the RESP promoter did not submit a CESG repayment amount when a withdrawal of contributions occurred. This type of over-contribution withdrawal may be subject to a compliance review by ESDC.

5.8.2.2. Calculating the CESG repayment – Withdrawal of assisted contributions

The amount of CESG that the RESP promoter must repay due to a withdrawal of assisted contributions must be calculated using the following formula.

A / B × C

Where:

- **A** = the balance of the CESG notional account for the RESP immediately before the withdrawal of contributions

- **B** = the balance of the assisted contributions notional account for the RESP immediately before the withdrawal of contributions

- **C** = the amount of the assisted contribution withdrawn

The RESP promoter must determine the amounts represented by "A", "B" and "C" and calculate the results using this formula

Consider the following example that includes payments of both the Basic and the Additional CESG.

Table 11: Calculating the CESG repayment – Withdrawal of assisted contributions

Year	Age of beneficiary	Assisted contributions	Basic CESG paid	Additional CESG rate	Additional CESG paid	Total CESG	Contributions withdrawn
2005	0 to 12 months	$2,000	$400	20% (of first $500)	$100	$500	$0

Table 11: Calculating the CESG repayment – Withdrawal of assisted contributions

Year	Age of beneficiary	Assisted contributions	Basic CESG paid	Additional CESG rate	Additional CESG paid	Total CESG	Contributions withdrawn
2006	1	$2,000	$400	20% (of first $500)	$100	$500	$800
Totals:	n/a	**$4,000**	**$800**	n/a	**$200**	**$1,000**	**$800**

In this example, the formula values are:

- **A** = $1,000 Balance of the CESG notional account for the RESP immediately before the withdrawal of contributions

- **B** = $4,000 Balance of the assisted contributions notional account for the RESP immediately before the withdrawal of contributions

- **C** = $800 Amount of the assisted contributions withdrawn

Note: Contributions are considered to be withdrawn from the assisted contributions notional account first. For more information, refer to section 5.8.2.1. Order of contribution withdrawals.

A / B × C = $1,000 / $4,000 × $800 = **$200**

The RESP promoter must submit a repayment transaction to the CESP system to report a CESG repayment. The transaction in this case is an amount of $200 with a repayment reason of 01 (contribution withdrawal). Each beneficiary in this RESP would not be eligible for the Additional CESG under **any** RESP for the remainder of 2006 and for the following 2 calendar years. For more information, refer to section 5.8.2.4. Withdrawing contributions after March 22, 2004.

5.8.2.3. Obligation to repay the pending CESG after the withdrawal of unassisted contributions

When a subscriber withdraws unassisted contributions before the beneficiary is eligible to receive an EAP, and a request for the CESG has been sent, the CESG must be repaid when it is received.

The CESP system processes transactions requesting the CESG based on contributions made at least one month earlier. This delay makes it possible for the unassisted contributions to be withdrawn from the RESP before the CESG is paid.

In such instances, due to the timing of the contribution withdrawal:

- the promoter would receive the CESG despite the contributions no longer meeting the conditions for payment of the CESG at the time of the grant payment

Example: Repayment of pending CESG

May 13 = Contributions are made to the RESP

June 6 = Unassisted contributions withdrawal

June 30 = The CESG is paid in regards to the May 13 contributions

The promoter must repay the CESG paid in respect of the May 13 contribution that has been withdrawn. The beneficiary no longer meets the conditions for the payment of the CESG.

5.8.2.4. Withdrawing contributions after March 22, 2004

The withdrawal of assisted contributions from an RESP after March 22, 2004, may cause all beneficiaries named in that RESP to become ineligible for the Additional CESG rates for:

- the balance of that calendar year, and

- the next 2 calendar years

The "anti-churning" rule is administered across all plans. A contribution withdrawal from one plan may cause a beneficiary to become ineligible for the Additional CESG in any other plan in which the beneficiary is named as a beneficiary. This means if a contribution withdrawal is made from a family plan with multiple beneficiaries, all of the beneficiaries of the plan will be considered ineligible for the Additional CESG. This still applies even if contributions are made in respect of these beneficiaries in other RESPs.

RESP promoters that request the Additional CESG in respect of affected beneficiaries will receive a refusal reason "F" (anti-churning rule violation).

This anti-churning rule does not affect a beneficiary's eligibility for the Basic CESG.

Furthermore, the anti-churning rule does not apply if:

- the withdrawal of contributions occurs when a beneficiary is eligible for an EAP, or

- the withdrawal is to correct an over-contribution of $4,000 or less (across all RESPs) at the time of the withdrawal

5.8.2.5. Withdrawing pre-1998 contributions

As the CESG was introduced in 1998, any RESP contributions made prior to that year do not qualify for this education savings incentive.

A subscriber cannot withdraw RESP contributions made before 1998 and then re-contribute to the same, or another RESP, with the intention of receiving the CESG.

Consequences of withdrawing pre-1998 contributions, as explained in section 5.8.2.1. Order of contribution withdrawals, a certain order must be followed when withdrawing RESP contributions. A withdrawal of pre-1998 contributions will cause **all** beneficiaries under the plan to be ineligible for any CESG (Basic or Additional) under any plan:

- in the calendar year in which the withdrawal was made, and

- for the following 2 calendar years

5.8.3. Other repayment circumstances

In addition to the withdrawal of assisted contributions, there are a number of other circumstances in which a promoter must repay the CESG.

The RESP promoter must repay the CESG in an RESP in the following circumstances:

- the RESP is terminated

- the registration for the RESP is revoked

- an accumulated income payment (AIP) is made

- a payment to a designated educational institution is made

- an EAP is made to an individual who is not a beneficiary of the RESP

- an ineligible transfer occurs

- an ineligible beneficiary replacement occurs

- a beneficiary, who is not a sibling, is added to a sibling-only RESP after the Additional CESG has been paid into this RESP

Promoters initiate a CESG repayment from an RESP by submitting a transaction to the CESP system. They will indicate the amount of the CESG to repay and the repayment reason. The CESP system makes monthly direct deposits for each promoter, which includes all education savings incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. All repayment amounts for the previous month are subtracted from the amount that would normally be paid to promoters in their next direct deposit. For more information, refer to section 5.8.4. Submitting repayment information to the CESP system.

Beneficiaries may also be asked to return the CESG amounts paid in EAPs, beneficiaries are allowed to receive a lifetime EAP limit of $7,200 in CESG.

They must also be residents of Canada to receive the CESG amounts in an EAP.

If it is determined that they were not entitled to receive the CESG amounts in some of their EAPs, beneficiaries may receive a notice of debt for these amounts, with repayment instructions.

Promoters would not submit transactions to the CESP system in these cases because the beneficiary pays this debt directly to the Government of Canada. However, there may be situations in which a beneficiary could avoid having to pay this debt. Promoters can contact their CESP promoter support officer for additional information.

5.8.3.1. Calculating the repayment amount – Other circumstances

If the promoter repays the CESG for any reasons of the section 5.8.3. Other repayment circumstances, the amount to repay is equal to the lesser of:

- the total in the CESG account immediately before the occurrence, and

- the amount determined by the formula $(C \times Y) / (Y + G)$

Where

- C is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- Y is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- G is the total balance in the RESP immediately before the time of the occurrence, of the amounts that were paid into the RESP under a designated provincial program

5.8.4. Submitting repayment information to the CESP system

The RESP promoter must submit the following transaction to the CESP system to repay the CESG:

- record type "400", transaction type "21" (Grant repayment)

This transaction identifies the repayment reason using one of the following codes:

- 01: Contribution withdrawal

- 02: AIP (accumulated income payment)

- 03: Contract termination

- 04: Ineligible transfer

- 05: Ineligible beneficiary replacement

- 06: Payment to an educational institution

- 07: Revocation (of the plan)

- 08: Ceases to meet sibling-only condition

- 09: Deceased (beneficiary)

- 10: Over-contribution withdrawal

- 11: Other

- 12: Non-resident

For more detailed information about how transactions are processed between the RESP promoter and the CESP system, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

5.8.5 How funds are used to repay the CESG

The repayment transactions submitted to the CESP system will depend on whether or not there are sufficient funds in the RESP at the time the repayment is required

5.8.5.1. When sufficient funds exist in the RESP

If there are sufficient funds in the RESP, the RESP promoter will repay the CESG from the corresponding notional account.

Repayment reason: The CESG will not be used as an EAP by the beneficiary or other eligible beneficiary and the plan is terminated. The RESP individual (non-family) plan looks like this:

- RESP market value: $26,829

- earnings: $9,229

- contributions: $14,000

- CESG: $3,600

- CESG Repayable: $3,600

In this example, the RESP promoter would withdraw the funds from the RESP and submit the following repayment transaction to the CESP system:

"400-21" (03) Grant repayment transaction, reason code (03), identifying a contract termination, with **$3,600** in the CESG amount field identifying the repayment amount.

The promoter may have to repay other education savings incentives administered by ESDC. For more information, refer to the following related chapters:

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

5.8.5.2. When insufficient funds exist in the RESP and the plan is terminated

When the RESP is terminated, the promoter must repay all of the CESG and any other federal and provincial education savings incentives. If the RESP has experienced a loss and there are insufficient funds to cover the total

amount of the repayable CESG, the RESP promoter needs to advise ESDC. In that situation, the promoter must submit a termination adjustment transaction to the CESP system.

Losses are first attributed to earnings, and then to contributions. Once these notional accounts are depleted, any remaining losses are apportioned equally across the federal and provincial education savings incentives that are remaining in the RESP.

Promoters use the formula for the repayment of the federal education savings incentives:

- in cases where the fair market value is less than the total of the balance of the CESG and the CLB

The list of events that triggers repayments when there is a significant investment loss in an RESP is described in the *Canada Education Savings Regulations*, subsection 11(3).

Formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB

(C × Y) / (Y + G) = amount of federal incentive (CESG, CLB) to be repaid:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance of the amounts that were paid into the RESP under a designated provincial program, in the RESP immediately before the time of the occurrence

Example – When insufficient funds exist in the RESP and the plan is terminated

A subscriber terminates an individual RESP because the beneficiary will never be eligible for an EAP. All the federal and provincial incentives must be repaid proportionally because the plan is terminated and has experienced a loss. There are also insufficient funds to cover the total amount of incentives repayable.

The RESP promoter would determine:

- the amount and repayment transactions that must be submitted to the CESP system when only the CESG has been paid into the RESP

Repayment reason: The RESP is terminated. The RESP individual (non-family) plan looks like this:

- RESP market value: $1,000

- earnings: $0

- contributions: $0

- CESG: $1,200

Note: Losses in the plan have been applied to the earnings and then to contributions. Therefore, these accounts show a balance of $0.

Total Incentive (CESG) Repayment: $1,200

In this example, the CESG repayable amount ($1,200) exceeds the market value of the RESP ($1,000).

Based on the federal education savings incentives repayment formula, the RESP promoter must repay $1,000 in CESG.

Calculation: Amount of CESG to be repaid to ESDC:

($1,000 × $1,200) / ($1,200 + $0) = $1,000

Note: If more than one federal or provincial incentive remains in the RESP, the promoter must determine the proportion of each incentive to repay.

To account for the difference of $200, the RESP promoter must also send a termination adjustment transaction. This will inform the CESP system of the shortfall. The promoter submits this transaction **only when the RESP is terminated**.

The following transactions are used to submit this information:

"400-21" (03) Grant repayment transaction with a **reason code of (03).** It identifies a contract termination, and **$1,000** in the CESG amount field identifies the repayment amount.

"400-22" Termination adjustment transaction identifies $200 as the amount of the shortfall (market value less than CESG paid into the RESP).

Even if the CESG repayment is $0:

- **as a result of losses of earnings**, contributions, and the CESG in the RESP, the 2 transactions above must still be reported to the CESP system

The promoter may have to repay other education savings incentives administered by ESDC. For more information, refer to the following related chapters:

- Chapter 6. The Canada Learning Bond

- Chapter 7. British Columbia Training and Education Savings Grant

5.9. Other transactions involving the CESG

The RESP promoter may have to process other transactions involving the CESG. These include:

- transferring funds (including the CESG) from one RESP to another

  For more information, refer to Chapter 9. Registered Education Savings Plan transfers and the education savings incentives

- Responding to a request for an EAP and calculating the grant portion of the EAP

For more information, refer to [Chapter 10. Post-secondary education and educational assistance payments](#)

Footnotes

Footnote 1

> The first and second tax brackets are based on the first 2 rows of the [tax bracket thresholds](#) table of the most recent tax year.

Footnote 2

> Once eligible contributions have attracted grant, they become **assisted contributions**.

Footnote 3

> Child's parents enter into an RESP in 2009 and name child as beneficiary.

Chapter 6. Registered Education Savings Plan provider user guide – The Canada Learning Bond

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

CCTB

Canada Child Tax Benefit

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CSAA

Children Special Allowances Act

EAP

Educational assistance payment

ESDC

Employment and Social Development Canada

NCBS

National Child Benefit Supplement

PCG

Primary caregiver

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

UCCB

Universal Child Care Benefit

Introduction

The Government of Canada introduced the Canada Learning Bond (CLB) in 2004. This was introduced to provide an education savings incentive for children in low-income families, and for children in care. Employment and Social Development Canada (ESDC) is responsible for the administration and delivery of this education savings incentive. Within ESDC, the Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of this education savings incentive.

The purpose of the CLB is to help residents of Canada to plan and save for a child's post-secondary education expenses by investing in a Registered Education Savings Plan (RESP).

RESP promoters must enter into agreements with ESDC to offer the CLB or any other education savings incentive administered by ESDC.

The CLB consists of:

- an initial CLB payment, and

- subsequent CLB payments

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

6.1. The CLB – An overview

The CLB is an education savings incentive for eligible children born on or after January 1, 2004:

- 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 individual primary caregiver (PCG)

- for years prior to July 1, 2016, a child was eligible for the CLB if the individual PCG was in receipt of the National Child Benefit Supplement (NCBS) for that child

- from July 1, 2016, to June 30, 2017, a child was eligible for the CLB if the individual PCG had otherwise been in receipt of the NCBS for the child, had it continued to be paid for that period, or

- a child in care of a public PCG may be eligible for the CLB if the PCG is eligible to receive payments under the *Children's Special Allowances Act* (CSAA) for that child

The CESP system tracks the CLB entitlements for an eligible child as they accumulate until an RESP is designated to receive the CLB for the child. While an RESP is required to receive the CLB, no contributions are required.

CLB entitlements include:

- an initial CLB payment of $500 for the first year the child is eligible, and

- subsequent CLB payments of $100 for each additional year of eligibility, up to and including the year in which the child turns 15

The total CLB amount paid into an RESP in respect of a beneficiary depends on the number of years that the beneficiary meets the eligibility criteria. However, the maximum lifetime CLB limit is $2,000 per beneficiary.

Children named as an RESP beneficiary can ultimately use the CLB amounts paid to their RESP. It will help offset their costs of post-secondary education with educational assistance payments (EAPs).

As of January 1, 2022, Canada Learning Bond (CLB) eligible individuals will start to turn 18 years old, at which point they will be able to designate an RESP themselves to receive their CLB.

However, in certain provinces and territories, the legal age at which an individual can enter into a contract (which includes opening an RESP) is 19.

To determine at which age individuals may open an RESP as the subscriber, promoters should consider the following:

- applicable provincial/territorial laws

- their organization's operational requirements

- any flexibility they may have introduced

In situations where the promoter requires the subscriber to be 19 years of age or older, there are 2 options:

- the CLB eligible beneficiary may choose to wait until they turn 19 to open their own RESP

- designate an RESP with a trusted adult as the subscriber

6.2. Eligibility criteria

To determine if the beneficiary is eligible for the CLB, the following eligibility criteria should be considered:

- is the beneficiary currently a resident of Canada?

- was the beneficiary born in 2004 or later?

- does the beneficiary have a valid Social Insurance Number (SIN)?

And:

- for benefit years beginning on July 1, 2017, was the individual PCG's adjusted income:

  - for PCG's with up to 3 qualified children, less than or equal to the lowest income tax threshold, or

  - for PCG's with more than 3 qualified children, less than the amounts determined by the formula in the *Canada Education Savings Act*?

- for benefit years prior to July 1, 2016, was the individual PCG in receipt of the NCBS for the child?

- from July 1, 2016, to June 30, 2017, would the individual PCG have been in receipt of the NCBS for the beneficiary if it had continued to be paid for that period?

Or:

- did the public PCG receive payments under the CSAA for a child in care, for at least one month of the benefit year?

If all of these questions have been answered in the affirmative, the beneficiary may be eligible for the **CLB**.

6.2.1. Information required to request the CLB

Beneficiaries under 18 years of age

The CESP system requires PCG information or, as of January 1, 2018, that of their cohabiting spouse or common-law partner, if applicable. This information helps to validate the beneficiary's eligibility for the CLB with the Canada Revenue Agency (CRA). The RESP promoter submits the CLB request for a beneficiary to the CESP system using the application form ESDC SDE 0093. The information provided with that request is used to assess the beneficiary's CLB eligibility at that time.

Adult beneficiaries between 18 and 20 years of age

As of January 1, 2022, the RESP promoter submits the CLB request for adult beneficiaries between 18 and 20 years of age to the CESP system. They use the information from the application form ESDC SDE 0107. The PCG information or their cohabitation spouse or common-law partner is not needed to apply for the CLB for adult beneficiaries.

The CESP system then continues to automatically validate eligibility for a beneficiary's subsequent CLB entitlements each year using the same information. However, if the CESP system receives a more recent CLB

request with new information, it will then cancel the old one and use the information of the new request.

For more information about multiple CLB requests for the same beneficiary, refer to .

6.2.1.1. Individual PCG

A person is the individual PCG of a beneficiary if they are eligible to receive the Canada child benefit (CCB) for the beneficiary. A beneficiary could have more than one individual PCG if 2 people, who do not live together, share custody of the beneficiary. For more information, refer to .

The CCB is a tax-free monthly payment made to eligible families. This helps them with the cost of raising children under the age of 18. To be eligible to receive the CCB, it is necessary to complete an application form with the CRA. Budget 2016 announced the creation of the CCB. It replaced the Canada Child Tax Benefit (CCTB), the NCBS and the Universal Child Care Benefit (UCCB):

- as of July 1, 2017, you can find the eligibility criteria for the CLB within the *Canada Education Savings Act*. The new eligibility requirements are similar to the NCBS. The new eligibility requirements are also based, in part, on the number of qualified children and the adjusted income of the individual PCG

- for the 2016 to 2017 benefit year, eligibility for the CLB was based on whether the individual PCG would have been in receipt of the NCBS for the child, had it continued to be paid for that period

- until June 2016, the CLB was payable for a beneficiary in respect of whom the NCBS was payable. The NCBS was based, in part, on the number of qualified children and the adjusted income of the individual PCG. With the introduction of the CCB, an amendment to the eligibility criteria for the CLB was required

For beneficiaries under 18 years of age, an individual PCG (or their cohabiting spouse or common-law partner) must provide their name and SIN on the application form ESDC SDE 0093.

The information about the custodial parent, PCG or the PCG's cohabiting spouse or common-law partner is not required for the CLB application process for adult beneficiaries between 18 and 20 years of age on the application form ESDC SDE 0107.

The following information is then used to validate a beneficiary's eligibility for the CLB:

- the adjusted income of the beneficiary's individual PCG

- the number of qualified children associated with the PCG

The CRA calculates an individual PCG's adjusted income using, in part, their net income reported on line 23600 of tax returns filed. The CRA also takes into consideration the tax return of their cohabiting spouse or common-law partner, if applicable.

For more information about the CCB, the CCTB, or the NCBS, call the CRA at 1-800-387-1193 or visit the following CRA Web site.

6.2.1.2. Public PCG

A payment under the *Children's Special Allowances Act* (CSAA) is a tax-free monthly payment for a child who is under the age of 18. The child needs to physically reside in Canada, and needs to be under the care of an organization.

An organization is the public PCG of a beneficiary if it is entitled to receive payments for the beneficiary under the CSAA.

Children in care of public PCG may be eligible for the CLB. A public PCG must provide their business number (BN) on the application form ESDC SDE 0093 to request the CLB in respect of a beneficiary.

Beneficiaries between 18 and 20 years of age, and who were previously in care of a public PCG can apply for the CLB using the application form ESDC SDE 0107. Beneficiaries who are 18 years of age but have not yet aged out of care (depending on their province of residence) may choose to designate an RESP to receive the CLB for which a public PCG is the subscriber. The public PCG, as the subscriber, must complete section 3 of the application form ESDC SDE 0107.

6.2.2. Types of RESPs and the CLB

To receive the initial and subsequent CLB payments for eligible beneficiaries, the RESP must be:

- an individual (non-family) plan, or

- a family plan in which all beneficiaries are siblings

6.2.3. CLB entitlements, earnings and the RESP

No interest will be paid on the CLB entitlements that have not been paid into an RESP by the Government of Canada.

Therefore, we encourage subscribers to complete the necessary steps, such as opening an RESP and applying for the CLB for the beneficiary. Once paid into an RESP, the CLB and any other savings contributed to the RESP will likely grow over time and accumulate earnings.

6.2.3.1. CLB timeline

Child's birth to age 18: The subscriber opens an RESP in the beneficiary's name. The PCG (or an individual PCG's cohabiting spouse or common-law partner if applicable) must designate the RESP that will receive the CLB payments.

Between 18 and 20 years of age: The adult beneficiary is required to designate the RESP to receive in trust the CLB payments that have not yet been received. This is the case whether or not they are also the subscriber of the RESP.

Age 21 or older: In most cases, any unclaimed CLB amounts which have not been paid into an RESP are forfeited.

6.2.4. Designating an RESP for the CLB payments

For beneficiaries under 18 years old, their PCG or, as of 2018, an individual PCG's cohabiting spouse or common-law partner (if applicable) must designate the RESP to receive, in trust, the CLB payments for the beneficiary. To do so, they must complete the application form ESDC SDE 0093.

For adult beneficiaries between 18 and 20 years of age, the beneficiary must designate the RESP to receive, in trust, any payments of the CLB as applicable. To do so, they must complete the application form ESDC SDE 0107. For more information, refer to Appendix A. Application Forms – Education Savings Incentives.

Only one RESP can be designated to receive the CLB payments at any given time for a beneficiary. However, the individual who has authority to designate can select a different RESP into which future CLB payments will be deposited. They would do so by completing a new application form ESDC SDE 0093 or ESDC SDE 0107 as applicable.

A different RESP can be designated to receive the CLB payments for a beneficiary. However, the previous RESP becomes inactive for any future CLB payments of that beneficiary. Any CLB amounts paid for the beneficiary into the previous RESP would remain in that RESP.

To request the CLB and designate an RESP to receive the corresponding future CLB payments in respect of a beneficiary, RESP promoters must submit an electronic transaction (400-24) to the CESP system. For beneficiaries under 18 years of age, this transaction must include the required information for the PCG (or the individual PCG's cohabiting spouse or common-law partner, if applicable) provided on the application form ESDC SDE 0093. For beneficiaries between 18 and 20 years of age applying for the CLB with form ESDC SDE 0107, this information is not required. The CESP system uses information provided in the most recent CLB request. This

will allow the system to validate a beneficiary's eligibility for the CLB in the designated RESP each year.

6.2.4.1. Stopping future CLB payments after terminating an RESP

If an RESP is terminated, the RESP promoter must ensure that future CLB payments to that RESP have been stopped.

Promoters will stop CLB payments for a particular beneficiary in an RESP by submitting a CLB request transaction "400-24" for the beneficiary with the "grant requested" field set to "0" (No). The promoter must submit a transaction for each beneficiary for whom there is an active CLB request in the terminated RESP.

For additional information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

6.2.5. Shared custody

Only one person is eligible to receive the CCB for a beneficiary at any given time. This applies in cases where a beneficiary is cared for by an individual PCG and their cohabiting spouse or common-law partner.

However, if 2 individuals do not live together, but care for and share the custody of the beneficiary, they may share the CCB payments. In these situations, they may both be an individual PCG of the beneficiary at the same time.

Example, Robert and Sarah decided to live separately but agreed to share custody of their child, Natasha. Both Robert and Sarah applied for and receive their share of Natasha's CCB payments. They are both an individual PCG in respect of Natasha.

Example, Robert opened an individual RESP for Natasha on March 7, 2017, and Sarah also opened an RESP for Natasha on May 10, 2018. Both Robert and Natasha requested the CLB to be paid into their RESPs. They both provided the required information on the application form ESDC SDE 0093 when they opened their RESPs.

Table 1: Shared custody

RESP for Natasha	Individual PCG recognized by the CRA for Natasha	Individual PCG named in the CLB request	Transaction date of the CLB request
RESP A	Robert and Sarah	Robert	March 7, 2017
RESP B	Robert and Sarah	Sarah	May 10, 2018

In this example, eligibility for Natasha's accumulated CLB entitlements would have been validated for the CLB request on March 7, 2017, using Robert's information as Natasha's individual PCG. RESP "A" would have been the designated RESP for Natasha's CLB payments at that time.

On May 10, 2018, Natasha's CLB request for RESP "B" was submitted to the CESP system. RESP "B" became the active RESP for Natasha's CLB payments after that date. This new CLB request also made RESP "A" inactive for Natasha's CLB payments as of that date.

Eligibility for Natasha's CLB payment into RESP "B" in 2018 (normally in July) would be validated using Sarah's information as the individual PCG. RESP "B" will remain the active RESP for Natasha's CLB payments unless the CESP system receives a new request. RESP "B" will receive these payments if Sarah satisfies the CLB eligibility requirements.

6.2.6. Tracking CLB entitlements for an eligible beneficiary

ESDC and the CRA share information to confirm a beneficiary's eligibility for the CLB. ESDC tracks the amount of accumulated CLB entitlements for the child until a subscriber opens an RESP and name the child as a beneficiary. The CLB entitlements only accumulate during the years in which the PCG

satisfies the CLB eligibility criteria. For more information, refer to section [6.2. Eligibility criteria](#).

The following chart illustrates how the CLB entitlements are tracked for an eligible child. This also demonstrates how it is paid once a subscriber opens an RESP for them and requests the CLB.

As of January 1, 2022, a beneficiary between 18 and 20 years old may open their own RESP and apply for the CLB on their own behalf. They must use the application form ESDC SDE 0107. They may receive the CLB if they satisfy all the eligibility criteria and did not already request and receive it in another RESP.

During the application process, the beneficiary's PCG (or, as of 2018, the PCG's cohabiting spouse or common-law partner, if applicable) must designate the RESP into which the CLB entitlements will be paid if the beneficiary is under 18 years old. For beneficiaries between 18 and 20 years old, they can designate the RESP into which the CLB entitlements will be paid. In this example, the beneficiary was born in 2007 but the subscriber did not open the RESP until 2016.

Table 2: Tracking and paying the CLB entitlements

Year	Eligible for initial or subsequent CLB	Amount of the CLB entitlement	Amount of the CLB paid into an RESP	Amount of accumulated CLB entitlement
2007	Initial CLB	$500	$0	$500
2008	Subsequent CLB	$100	$0	$600
2009	Subsequent CLB	$100	$0	$700

Table 2: Tracking and paying the CLB entitlements

Year	Eligible for initial or subsequent CLB	Amount of the CLB entitlement	Amount of the CLB paid into an RESP	Amount of accumulated CLB entitlement
2010	Not eligible	$0	$0	$700
2011	Not eligible	$0	$0	$700
2012	Subsequent CLB	$100	$0	$800
2013	Subsequent CLB	$100	$0	$900
2014	Subsequent CLB	$100	$0	$1,000
2015	Subsequent CLB	$100	$0	$1,100
2016 [Footnote1]	Not eligible	$0	$1,100 (total CLB: from 2007 to 2015)	$0
2017	Not eligible	$0	$0	$0
2018	Subsequent CLB	$100	$100	$0
2019	Subsequent CLB	$100	$100	$0

Table 2: Tracking and paying the CLB entitlements

Year	Eligible for initial or subsequent CLB	Amount of the CLB entitlement	Amount of the CLB paid into an RESP	Amount of accumulated CLB entitlement
Total	n/a	$1,300	$1,300	$0

6.3. Applying for the CLB

The application process for the CLB includes the participation of the following:

- for beneficiaries under 18 years old:

  - the RESP promoter

  - the subscriber

  - joint subscriber, if applicable

  - a custodial parent or legal guardian, if applicable

  - the PCG or their cohabiting spouse or common-law partner, if applicable

- for beneficiaries between 18 and 20 years old:

  - the RESP promoter

  - the beneficiary, who may also be the subscriber

  - the subscriber, if different from the beneficiary

  - joint subscriber if applicable

Note: The RESP promoter must be authorized to offer the CLB.

Accurate information ensures payment of the CLB, when completing the application form, it is important to verify the accuracy of the information. The promoter uses the information on the application form to electronically submit the request to the CESP system. Inaccurate information will result in the transaction being rejected, delaying the payment of the CLB. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

The following subsection provides an overview of the application process.

6.3.1. For beneficiaries under 18 years of age

1. The subscriber approaches an RESP promoter authorized to offer the CLB. They open the ESP, name a beneficiary and request the registration of the ESP

2. The promoter establishes the ESP, making sure to obtain the SINs for:

   ○ the subscriber, and

   ○ the beneficiary

Note: To receive the CLB, the plan must be an individual (non-family) plan or a family plan in which all beneficiaries are siblings

Opening and registering the ESP, in the case where the beneficiary is an individual under 19 years of age at that time and either ordinarily resides with a parent of the individual or is maintained by a public PCG; the RESP promoter will notify the parent or legal guardian or public PCG that an ESP has been opened for the beneficiary. This must be done within 90 days of establishing the plan. The CESP system is responsible for communicating to the CRA the request to register the ESP. Once the plan has been registered, the CRA will notify the RESP promoter directly. For more information, refer to Chapter 4. Registered Education Savings Plans and to section 4.2. Establishing the RESP

3. The promoter reviews the eligibility criteria with the subscriber to determine whether the beneficiary is eligible for the CLB. For more information, refer to [6.2. Eligibility criteria](#)

4. The promoter ensures that the subscriber completes the appropriate application form(s) ESDC SDE 0093 and ESDC SDE 0093-B Annex B – PCG/parent if applicable

5. The promoter processes the application form according to established procedures

6. The promoter submits information to the CESP system

7. The CESP system calculates and pays the CLB

Individual PCG, for a beneficiary in the care of an individual PCG, make sure to obtain the SIN of the PCG or their cohabiting spouse or common-law partner, if applicable.

The individual PCG is the person eligible to receive the CCB.

Public PCG, for a beneficiary in the care of a public PCG, make sure to obtain the PCG's business number (BN).

The public PCG could be a department, agency, or institution that receives a payment for the child under the CSAA.

To view detailed instructions for completing this form(s), refer to [Appendix A. Application forms – Education Savings Incentives.](#)

6.3.2. For beneficiaries between 18 and 21 years of age

1. The adult beneficiary approaches an RESP promoter authorized to offer the CLB. The beneficiary as the subscriber can apply for the CLB for themselves. When the beneficiary is not the subscriber; depending on the promoter's minimum age requirements for a subscriber to open an RESP in their province or territory, there is also the possibility that an adult beneficiary could designate an RESP for which another trusted adult is the subscriber

2. The promoter establishes the ESP, making sure to obtain the SIN for the beneficiary

3. The promoter reviews the eligibility criteria with the beneficiary. For more information, refer to [6.2. Eligibility criteria](#)

4. The promoter ensures that the beneficiary complete and sign application form ESDC SDE 0107

5. The promoter processes the application form according to established procedures

6. The promoter submits information to the CESP system

7. The CESP system calculates and pays the CLB

Use the following **post-application checklist** to provide the subscriber with some helpful reminders.

6.3.3. Post-application checklist

- Confirms all information on the CESP application form is accurate

- Remind the subscriber that the CLB is beneficiary-specific. They cannot share the CLB with other beneficiaries in the plan

- If the subscriber is not the beneficiary's parent or legal guardian, the RESP promoter must notify the parent or legal guardian that a plan is open. The RESP promoter must do so within 90 days that an ESP is open

- Advise subscribers that the RESP promoter will notify them when they receive and deposit a payment of the CLB into the RESP

6.4. Receiving and depositing the CLB

Once RESP promoters receive a CLB payment from ESDC, they are responsible for:

- depositing the payment into the appropriate RESP, and

- accounting for the payment in the beneficiary's CLB notional account

6.4.1. Sharing the CLB and earnings – Family and group plans

The CLB is an incentive that is directed to a specific eligible beneficiary. As such, there are restrictions on the sharing of the CLB and associated earnings in the RESP.

As long as the beneficiary meets the requirements for the EAP, the promoter can use the CLB and earnings in an EAP for the eligible beneficiary of the RESP.

The following table identifies that beneficiaries cannot share the CLB but the situation can be different with the earnings.

Table 3: Sharing the CLB and earnings – Family and group plans

Incentives	Family plans	Group plans
CLB	You cannot share the CLB; it is directed to a specific eligible beneficiary.	You cannot share the CLB; it is directed to a specific eligible beneficiary.
Earnings	The beneficiary's sibling(s) can share earnings if they are named as beneficiaries of the family plan.	You cannot share the earnings on the CLB with beneficiaries in the group plan.

Note: For the plan to have received the CLB amounts, all of the beneficiaries of a family plan had to have been siblings.

6.4.2. Reasons for non-payment of the CLB

To ensure that RESPs receive all of the CLB payments in respect of eligible beneficiaries, the RESP promoter must ensure that:

- the appropriate application form is complete and accurate. For more information, refer to [Appendix A. Application forms – Education Savings Incentives](#), and

- submit the information collected on this form, along with other required information, to the CESP system via an electronic transaction. This transaction must pass the required validation for the formatting and business rules specified in the CESP Interface Transaction Standards

The CESP system acknowledges a successfully processed CLB request by sending the RESP promoter a record in their monthly transaction processing report. This record will include the amount of the CLB that will be paid.

There may be situations in which the CESP system will not pay the CLB. The CESP system will send reports to the RESP promoter if:

- a request for the CLB is **rejected**, or

- a request for the CLB is **refused**

For more information about the information exchanged between the RESP promoters and the CESP system, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

6.4.2.1. When requests for the CLB are rejected with an error code

If a request for the CLB contains an error (example: the electronic transaction has an error in formatting), the CESP system will reject the transaction with an **error code**. The CESP system generates monthly error reports and RESP promoters are responsible to make the necessary corrections for these rejected transactions.

For more information about error codes, refer to [Appendix E. Understanding error codes](#).

6.4.2.2. When requests for the CLB are processed with a refusal reason

The CESP system may successfully process a CLB request but it may refuse to make a payment. This would occur if one or more of the CLB business rules are not satisfied.

The CESP system informs RESP promoters when a CLB request has been successfully processed with a **refusal reason** in their monthly transaction processing report.

For more information about refusal reasons, refer to Appendix F. Understanding refusal reasons.

6.5. Repaying the CLB

Certain circumstances require a repayment of the CLB.

6.5.1. Repayment process

The RESP promoter must:

1. recognize and identify circumstances that require a CLB repayment

2. determine the CLB amount to repay, and

3. submit the required financial transaction(s) to the CESP system, indicating the repayment amount and the reason for repayment. For more information, refer to section 6.5.4. Submitting repayment information to the CESP system

6.5.2. Repayment circumstances

The RESP promoter must repay the CLB in an RESP under the following circumstances:

- the termination of the RESP

- CRA revokes the registration for the RESP

- the promoter makes an accumulated income payment (AIP)

- the promoter makes a payment to a designated educational institution

- the promoter makes an EAP to an individual who is not a beneficiary of the RESP

- an ineligible transfer occurs

- an ineligible beneficiary replacement occurs

- the promoter adds a beneficiary who is not a sibling to a sibling-only RESP into which the CLB has been paid

- the beneficiary, for whom the CLB was paid into the RESP, ceases to be a beneficiary of the RESP (example: deceased)

Promoters initiate a CLB repayment from an RESP by submitting a transaction to the CESP system. They will indicate the amount of the CLB to repay and the repayment reason. The CESP system makes monthly direct deposits for each promoter. This includes all incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. The CESP system subtract all repayment amounts for the previous month from the amount that would normally be payable to promoters in their next direct deposit. For more information, refer to section 6.5.4. Submitting repayment information to the CESP system.

Beneficiaries may also be asked to return the CLB amounts paid in EAPs, beneficiaries may receive a Notice of Debt with repayment instructions. This would happen if the CESP determines that they were not entitled to receive the CLB amounts in some of their EAPs.

Promoters would not submit transactions to the CESP system in these cases because the beneficiaries pay this debt directly to the Government of Canada. However, there may be situations in which a beneficiary could avoid having to pay this debt. Promoters can contact their CESP promoter support officer for additional information.

6.5.3. Determining the repayment amount

If the promoter repays the CLB from an RESP for any of the reasons identified in section [6.5.2. Repayment circumstances](#) (except when a beneficiary ceases to be a beneficiary), the amount to repay is equal to the lesser of:

- the balance of all CLB notional account(s) for the RESP beneficiaries immediately before the occurrence, and

- the fair market value of the property held in the RESP, immediately before the occurrence

When a beneficiary ceases to be a beneficiary, when a beneficiary, for whom the CLB was paid into the RESP, ceases to be a beneficiary of the RESP, the CLB amount to repay is equal to the lesser of:

- the balance of the beneficiary's CLB notional account immediately before the beneficiary ceases to be a beneficiary, and

- the fair market value, immediately before the beneficiary ceases to be a beneficiary, of the property held in connection with the RESP, less the total of the balances of the CLB notional accounts in the RESP for all other beneficiaries

Consequences of repaying the CLB, the repayment of the CLB does not result in a loss of CLB entitlements for the beneficiary. If another RESP is designated for the beneficiary's CLB payments at a later date, the repaid entitlements may be deposited into that RESP. A beneficiary's lifetime CLB entitlement is not affected by a CLB repayment. This does not apply to the CLB amounts that are reclaimed due to a CRA reassessment.

6.5.4. Submitting repayment information to the CESP system

The RESP promoter must submit the following transaction to the CESP system to repay the CLB:

- record type "400", transaction type "21" (grant repayment)

This transaction identifies the repayment reason using one of the following codes:

- 02: AIP (accumulated income payment)

- 03: Contract termination

- 04: Ineligible transfer

- 05: Ineligible beneficiary replacement

- 06: Payment to an educational institution

- 07: Revocation (of plan)

- 08: Ceases to meet sibling-only condition

- 09: Deceased (beneficiary)

- 11: Other

- 12: Non-resident

Note: Repayment reasons 01 and 10 do not apply to the CLB.

For more detailed information about how transactions are processed between the RESP promoter and the CESP system, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.](#)

6.5.5. How funds are used to repay the CLB

The repayment transactions submitted to the CESP system will vary. It will depend on whether or not there are sufficient funds in the RESP at the time repayment is required.

6.5.5.1. When sufficient funds exist in the RESP

If there are sufficient funds in the RESP, the RESP promoter will repay the CLB and any other incentives from the corresponding notional account(s).

For example

Repayment reason: The CLB will not be used as an EAP by the beneficiary and the plan is terminated. The RESP individual (non-family) plan looks like this:

- **RESP market value**: $27,275
- **earnings**: $9,375
- **contributions**: $14,000
- **CLB**: $300
- **CESG**: $3,600
- **CLB repayable**: $300
- **CESG repayable**: $3,600

In this example, the RESP promoter would withdraw the funds from the RESP and submit the following repayment transaction to CESP:

- **"400-21" (03) CLB repayment transaction** with a **reason code of (03),** contract termination, with **$300** in the CLB amount field and **$3,600** in the CESG amount field

Note: The promoter must also repay the CESG because the plan is being terminated.

6.5.5.2. When insufficient funds exist in the RESP and the plan is terminated

When a promoter terminates an RESP, they must repay the balance of all CLB notional accounts. They must also repay any other federal and provincial education savings incentives in the RESP.

Sometimes, the RESP has experienced a loss and there are insufficient funds to cover the total amount of the CLB (or other education savings incentives) repayable. When that happens, the RESP promoter must submit a

termination adjustment transaction to the CESP system to advise them of the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these notional accounts are depleted, any remaining losses are apportioned equally across the federal and provincial education savings incentives that are remaining in the RESP.

Promoters must use a formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

The list of events that triggers repayments when there is a significant investment loss in an RESP is described in the *Canada Education Savings Regulations*, subsection 11(3).

Formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB

(C × Y) / (Y + G) = amount of federal incentive (CESG, CLB) to repay:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance of the amounts that were paid into the RESP under a designated provincial program, in the RESP immediately before the time of the occurrence

The following example illustrates how the RESP promoter will determine the amount and repayment transaction that he must submit to the CESP system. For this example, the CLB and the CESG have been paid into the RESP.

For example

- **RESP market value**: $1,500
- **earnings**: $0
- **contributions**: $0
- **CLB**: $800
- **CESG**: $1,200

Note: Losses in the plan have been applied to the earnings and then to the contributions. Therefore, these accounts show a balance of $0

- **CLB repayable**: $800
- **CESG repayable**: $1,200
- **total repayable**: $2,000

In this example, the total amount of incentives that would normally be repayable ($800 + $1,200 = $2,000) exceeds the market value of the RESP ($1,500). Therefore, the following calculations are required to determine the actual repayable amount for each incentive:

Based on the federal education savings incentives repayment formula, the RESP promoter must repay the total of $1,500 in CESG and CLB.

($1,500 × $2,000) / ($2,000 + $0) = $1,500

The following calculations are required to determine the proportion of CESG and CLB to be repaid to ESDC:

1. determine the remaining amount of incentives in the RESP:

   - **$800 (CLB) + $1,200 (CESG) = $2,000**

2. determine the percentage represented by each incentive amount in the RESP:

- CLB / total value of incentives = % of CLB

- **$800 / $2,000 = 40%**

- CESG / total value of incentives = % of CESG

- **$1,200 / $2,000 = 60%**

3. apply these percentages to the RESP market value of $1,500:

   - market value × % of CLB = **CLB repayable**

   - **$1,500 × 40% = $600**

   - market value × % of CESG = **CESG repayable**

   - **$1,500 × 60% = $900**

Note: If more than one federal or provincial incentive is remaining in the RESP, the promoter must determine the proportion of each incentive to repay.

The promoter will use the following transaction to submit repayment information:

- **"400-21" (03) CLB repayment transaction** with a **reason code of (03),** contract termination, with **$600** in the CLB amount field and **$900** in the CESG amount field

Next, it will be necessary to determine the shortfall and submit the appropriate termination adjustment transaction to the CESP system.

To determine the shortfall:

Total value of incentives – repayment amount = adjustment

CLB: $800 – $600 = $200

CESG: $1,200 – $900 = $300

The RESP promoter must also send a termination adjustment transaction to inform the CESP system of the shortfall, **but only when the RESP is**

terminated. This termination adjustment transaction will account for the difference of $500.

The promoter will use the following transaction to submit this information:

- **"400-22" Termination adjustment transaction**, identifying: $200 as the amount of the shortfall applied to the CLB. $300 as the amount of the shortfall applied to the CESG

Even if the CLB repayment is $0, as a result of losses in RESP earnings, contributions, and incentives, the repayment transaction must still be reported to the CESP system.

6.6. Other transactions involving the CLB

The RESP promoter may also be asked to handle other transactions involving the CLB. These include:

- transferring funds (including the CLB) from one RESP to another
  For more information, refer to [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#)

- responding to a request for an EAP and calculating the CLB portion of the EAP
  For more information, refer to [Chapter 10. Post-secondary education and educational assistance payments](#)

Footnotes

Footnote 1

RESP is opened and the CLB is requested.

Chapter 7. Registered Education Savings Plan provider user guide – British Columbia Training and Education Savings Grant

From: [Employment and Social Development Canada](#)

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the [RESP page](#).

On this page

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

CESP

Canada Education Savings Program

CRA

Canada Revenue Agency

ESDC

Employment and Social Development Canada

EAP

Educational assistance payment

ESP

Education savings plan

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

Introduction

The Government of British Columbia announced the British Columbia Training and Education Savings Grant (BCTESG) in 2013.

Employment and Social Development Canada (ESDC) has partnered with the Government of British Columbia to administer this provincial education savings incentive.

Registered Education Savings Plan (RESP) promoters must be authorized by ESDC to offer the BCTESG or any other education savings incentive administered by ESDC.

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

7.1. BCTESG – An overview

BCTESG is an education savings incentive that is paid:

- by the Government of British Columbia

- from a designated provincial program administered by ESDC

- into an RESP

- for children born on or after January 1, 2006, and

- for children who are residents in British Columbia at the time of the BCTESG application. The custodial parent or a legal guardian must also be a resident

BCTESG is a $1,200 one time grant per eligible beneficiary. When an eligible child turns 6 years old, the subscriber may be able to apply for the grant.

7.1.1. How it works

BCTESG payment is based on the following requirements:

- **an RESP:** a subscriber must meet with a participating promoter, open an RESP and name an eligible beneficiary(ies). For more information, refer to [Chapter 4. Registered Education Savings Plans](). To be eligible to receive the BCTESG, the RESP must be:

    o   an individual (non family) plan, or

    o   a family plan in which all beneficiaries are siblings

    Note: A contribution to the RESP is not required to receive the BCTESG

- **eligibility criteria:** the subscriber and participating promoter review the BCTESG eligibility criteria. For more information, refer to [7.2. Eligibility criteria]()

- **application process:** the subscriber asks the promoter to apply for BCTESG for the beneficiary. For more information, refer to [7.4. Applying for the BCTESG]()

- **educational assistance payments (EAPs):** when the beneficiary is enrolled in a post-secondary education program, the subscriber can request an EAP. The EAP would consist of a payment from the earnings and education savings incentives (including BCTESG) in the RESP. For more information, refer to [Chapter 10. Post-secondary education and educational assistance payments]()

7.2. Eligibility criteria

Consider the following criteria to determine if a beneficiary is eligible for BCTESG payment:

- does the promoter offer BCTESG?

- has the subscriber established an RESP and named the beneficiary?

- does the beneficiary have a valid Social Insurance Number (SIN)?

- is the RESP either an individual RESP or a family RESP in which each beneficiary is a sibling of every other? Footnote1

- were the custodial parent or the legal guardian and the beneficiary ordinarily resident in British Columbia when they applied for the BCTESG?

- was the beneficiary born on or after January 1, 2006?

- did the subscriber request the BCTESG (via the RESP promoter) on or after August 15, 2015?

If you can answer "Yes" to all of these questions, the beneficiary may be eligible for the BCTESG.

7.2.1. Age limits and application for the BCTESG

Subscribers have a 3 year window to apply for the BCTESG.

Key concept

For children born in 2010 or later, a subscriber must complete the BCTESG application:

- on or after their 6th birthday, but before their 9th birthday

The table below illustrates a transition period for children born in 2006, 2007, 2008 and 2009. This was done to ensure that they have the full 3 years to apply for the BCTESG. The subscriber must complete a BCTESG application within the appropriate 3 year period.

Note: The commencement date for the BCTESG was August 15, 2015. This was therefore the first day to apply for the BCTESG.

Table 1: Transition period for children born in 2006, 2007, 2008 and 2009

Birth Year	1st day to apply	Last day to apply
2006	August 15, 2016	August 14, 2019
2007	August 15, 2015	August 14, 2018
2008	August 15, 2015	August 14, 2018
2009 (before August 15)	August 15, 2015	August 14, 2018
2009 (on August 15 or later)	The day the beneficiary turns 6	The day before the beneficiary turns 9
2010 or later	The day the beneficiary turns 6	The day before the beneficiary turns 9

7.2.1.1. Example 1

A beneficiary born on March 20, 2008 is eligible for the BCTESG from March 20, 2014, at age 6. The first day to apply for the BCTESG is August 15, 2015 (beneficiary is 7 years old). The last day to apply is August 14, 2018 (beneficiary is 10 years old).

7.2.1.2. Example 2

A beneficiary born on April 12, 2009 is eligible for the BCTESG from April 12, 2015, at age 6. The first day to apply for the BCTESG is August 15, 2015 (beneficiary is 6 years old). The last day to apply is August 14, 2018 (beneficiary is 9 years old).

7.2.1.3. Example 3

A beneficiary born on October 31, 2009 is eligible for the BCTESG from October 31, 2015, at age 6. The first day to apply for the BCTESG is October 31, 2015 (the beneficiary's 6th birthday). The last day to apply is October 30, 2018 (the day before the beneficiary's 9th birthday).

7.2.1.4. Example 4

A beneficiary born on December 5, 2012 is eligible for the BCTESG from December 5, 2018, at age 6. The first day to apply for the BCTESG is December 5, 2018 (the beneficiary's 6th birthday). The last day to apply is December 4, 2021 (day before the beneficiary's 9th birthday).

7.2.2. BCTESG and residency requirements

The custodial parent or the legal guardian and the beneficiary must be ordinarily resident in British Columbia at the time of the application to be eligible for the BCTESG.

The custodial parent or the legal guardian must show proof of residency to the RESP promoter at the time of application. They must present at least one of the following documents:

- a valid British Columbia driver's licence

- a British Columbia identification card with a picture

- a British Columbia Services Card

- a British Columbia utility bill (dated within the last 3 months and listing the current address of the custodial parent or the legal guardian). A utility bill can be any one of the following:

    - electricity

    - gas

    - phone

- cable

- water, or

- garbage bills

For more information on how to complete the required application form, refer to the [Appendix A. Application forms – Education Savings Incentives](#) on the [Resources for RESP promoters](#) web page.

Eligibility and residency, if the BCTESG has been paid into an RESP and the custodial parent or the legal guardian and the beneficiary leave British Columbia at a later date, the BCTESG remains in the RESP.

7.3. BCTESG amounts

Key concept: The BCTESG amount is $1,200 per beneficiary.

7.3.1. BCTESG amounts in EAPs

Each beneficiary can attract only one $1,200 BCTESG payment to one RESP. Once an RESP has received this payment in respect of a particular beneficiary, no other RESP can receive it for the same beneficiary. For more information, refer to [7.5.1. Multiple RESPs – Multiple requests for the same BCTESG beneficiary](#).

Every beneficiary named in a family RESP has access to the full BCTESG amount in the plan. This applies even if some BCTESG amounts paid (or transferred) into the plan were originally paid in respect of other siblings. Consequently, beneficiaries may receive more than $1,200 of accumulated BCTESG amounts in their EAPs throughout their post secondary studies. For more information, refer to [7.5.2. Sharing the BCTESG and earnings](#).

7.3.1.1. Example – Sharing BCTESG in EAPs

Laura is a beneficiary in the following RESPs:

- family RESP with promoter A (siblings only)

- individual RESP with promoter B

Laura is not limited to the amount of BCTESG she can receive in EAPs throughout her post secondary studies. She can even use BCTESG amounts paid previously into the family RESP in respect of her siblings.

7.4. Applying for the BCTESG

7.4.1. The application process

Who is involved? The following key players participate in the BCTESG application process:

- participating promoter
- subscriber(s)
- custodial parent or legal guardian

The promoter facilitates the BCTESG applications by:

- establishing and requesting registration of the education savings plans (ESPs) initiated by subscribers
- helping subscribers identify incentives for which beneficiaries qualify by providing and explaining eligibility criteria, and
- assisting subscribers in completing the BCTESG application form

Note: The promoter must be authorized to offer the BCTESG.

The following steps are required to receive a BCTESG payment in an RESP:

1. the subscriber approaches a promoter authorized to offer the BCTESG to open and register an ESP and name a beneficiary
2. the promoter obtains the Social Insurance Numbers (SINs) for the subscriber and the beneficiary and establishes the ESP

Opening and registering the ESP, the promoter must notify the custodial parent or the legal guardian that an ESP is open for the beneficiary. This has to be done within 90 days of establishing the plan, ESDC is responsible for communicating requests to register ESPs to the Canada Revenue Agency (CRA). CRA notifies promoters directly once the registration of the plan is complete. For more information, refer to Chapter 4. Registered Education Savings Plans

3. the promoter reviews eligibility criteria with the subscriber to identify whether the beneficiary may be eligible for the BCTESG. For more information, refer to 7.2. Eligibility criteria

4. the promoter completes the BCTESG application form with the subscriber and obtains the necessary information and signatures

Accurate information prevents delays in the BCTESG payment, when completing the BCTESG application form, it is important to verify the accuracy of the information. Promoters use the information on the application form to electronically submit BCTESG requests to the Canada Education Savings Program (CESP) system. Inaccurate information will result in the transaction being returned and will delay the BCTESG payment. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards

5. the promoter ensures that the subscriber submits the application for the BCTESG within the specified time period. For more information, refer to 7.2.1. Age limits and application for the BCTESG and 7.5.4. Time constraints

6. the promoter processes the application form according to established procedures

What happens to information collected on the application form? The promoter will enter the information in their information system. They will then transmit electronically the information to the CESP system to request the registration of the ESP and to request the BCTESG

payment. For more information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#)

Promoters can also use the optional [7.4.2. Post application checklist](#) to provide subscribers with helpful reminders.

7.4.2. Post application checklist

- Confirm that all information on the BCTESG application form is accurate

  Accurate information ensures the timely payment of BCTESG. Inaccurate information may delay payment

- Remind subscribers that the CESP system may receive multiple BCTESG requests in respect of the beneficiary. This is because one beneficiary can have multiple RESPs

  The CESP system could receive 2 (or more) BCTESG requests for the same beneficiary. In that case, the CESP will pay the BCTESG to the first request submitted and successfully processed by the CESP system

  For more information, refer to [7.5.1. Multiple RESPs – multiple requests for the same BCTESG beneficiary](#)

- If a subscriber is not the beneficiary's custodial parent or legal guardian, advise the subscriber that the promoter must notify the custodial parent or the legal guardian within 90 days that an ESP has been established

- Advise subscribers that the promoter will notify them once the CRA confirms the registration of the ESP

- Advise subscribers that the promoter will notify them when they receive a BCTESG payment

7.4.3. Requesting BCTESG payment

To request a BCTESG payment, promoters must submit a BCTESG request record "411-40".

For more information, refer to the CESP Interface Transaction Standards on the Systems Documentation tab of the [Resources for RESP promoters](#) web page.

Submitting a correction to the CESP system, to submit a correction to a BCTESG request transaction "411-40", the promoter must first submit a Cancel BCTESG Request transaction "411-41". They will then send a transaction with the corrected information. Cancellations indicate that the original transaction did not occur as reported.

7.5. Receiving and depositing the BCTESG

The CESP system sends a record "911" in the monthly Transaction Processing Report sent to each promoter. This will acknowledge the successful processing of each BCTESG request. This report indicates:

- the BCTESG amount paid on successful requests, and

- refusal reasons if the BCTESG amount is not paid

For more information, refer to [7.5.3. Reasons for non payment of the BCTESG](#).

Once the CESP system sends the BCTESG payment to promoters, they must:

1. deposit each BCTESG payment into the appropriate RESP account in respect of the beneficiary

2. track and manage all RESP transactions using various RESP accounts

3. update the BCTESG account for each BCTESG payment made to an RESP, and

4. notify the subscriber (via account statements) about all BCTESG amounts deposited into the RESP

7.5.1. Multiple RESPs – Multiple requests for the same BCTESG beneficiary

Since a child can be a beneficiary of more than one RESP, the CESP system responds to BCTESG requests on a first come, first served basis.

Multiple BCTESG requests for the same beneficiary, there can be more than one RESP established for a beneficiary. Therefore, the CESP system may receive more than one BCTESG request for the same beneficiary.

There could be instances when the CESP system receives 2 (or more) requests for the BCTESG for the same beneficiary. In that case, the BCTESG will be paid to the first request submitted and successfully processed by the CESP system.

7.5.1.1. Example – Multiple requests for the same beneficiary

Laura is a beneficiary in 2 Individual RESPs. One RESP is with promoter A and the other is with promoter B. There were no payment of BCTESG for Laura in any RESP before the following transactions were submitted for processing in September 2015:

- **promoter A, BCTESG request:** made on August 15, 2015

- **promoter B, BCTESG request:** made on August 25, 2015

Both BCTESG requests were processed for the same beneficiary in the same processing month. Therefore, the CESP system will process the BCTESG request with the earliest transaction date first. In this example, the BCTESG request from promoter A will be processed before the BCTESG request from promoter B.

Promoter A would receive the $1,200 BCTESG payment.

In this example, the BCTESG amount ($1,200) was not paid to promoter B. Promoter B will receive a refusal reason E Lifetime Limit exceeded for this BCTESG request in their Transaction Processing Report.

7.5.2. Sharing the BCTESG and earnings

The maximum amount of BCTESG that is payable for a beneficiary is $1,200. However, there is no limit to the amount of BCTESG that a beneficiary can use.

All beneficiaries named in an RESP can share the BCTESG and the associated earnings in EAPs if they satisfy EAP eligibility criteria. For more information, refer to 7.3.1. BCTESG amounts in EAPs.

7.5.2.1. Family RESPs

All BCTESG payments to a family RESP are pooled together in one BCTESG account. If a beneficiary named in a family RESP (siblings only) is eligible to receive an EAP, this BCTESG account is available to that beneficiary. Furthermore, any earnings generated by BCTESG can also be shared in an EAP for any eligible beneficiary named in the RESP.

7.5.3. Reasons for non payment of the BCTESG

To ensure the timely payment of BCTESG into RESPs in respect of eligible beneficiaries, the promoter must:

- help subscribers to accurately complete the BCTESG application form, and

- submit information collected on the form, along with other required data, to the CESP system via electronic transactions. These transactions must pass all formatting and business rule validations according to the CESP Interface Transaction Standards

For more information about the types of transactions and reports exchanged between promoters and the CESP system, refer to Chapter 3. The

Canada Education Savings Program system and Interface Transaction Standards.

7.5.3.1. When transactions are rejected

The CESP system rejects promoter transactions that contain errors and generates corresponding error codes in a monthly Transaction Error Report (record type "800"). The CESP system sends these reports electronically to each promoter's head office. Promoters are responsible for correcting any errors and resubmitting corrected transactions to the CESP system.

Transaction Error Reports identify BCTESG requests that were rejected due to either missing information or a failure to pass formatting and business rules.

For more information, refer to Appendix E. Understanding error codes.

7.5.3.2. When payments are refused

The CESP system sends a monthly Transaction Processing Report to each promoter's head office. This report acknowledges receipt of all processed transactions, including processed BCTESG requests (record type "911"). This report would indicate the amounts paid for all successful BCTESG requests. It would also identify any BCTESG requests for which the $1,200 BCTESG payment was refused.

The CESP system refuses BCTESG requests if they do not comply with business rules. For example, a beneficiary receives the $1,200 BCTESG in their RESP. From now on, any additional BCTESG requests for the beneficiary would be processed, but the corresponding BCTESG payment would be refused. For more information, refer to 7.3. BCTESG amounts.

For more information, refer to Appendix F. Understanding refusal reasons.

7.5.4. Time constraints

Due to time constraints, the CESP system may refuse to pay the BCTESG. The promoter would receive one of the following refusal reasons:

- refusal reason 3 (Age of Beneficiary)

- refusal reason D (late transaction)

The CESP system uses the BCTESG request "411-40" transaction date to generate these refusal reasons. Promoters must use the date on which the subscriber requested BCTESG to determine the transaction date of a BCTESG request:

- the subscriber must request the BCTESG for eligible beneficiaries within the required timeframe as described in 7.2.1. Age limits and application for the BCTESG, and

- the transaction date must not be older than 3 years when compared to the date in the header record 001. The header record 101 is the date sent to the CESP system

For more information, refer to the CESP Interface Transaction Standards on the Systems Documentation tab of the Resources for RESP promoters web page.

7.5.4.1. Refusal reason 3 (age of beneficiary)

Promoters must request the BCTESG "411-40" for eligible beneficiaries within the required timeframe. For more information, refer to 7.2.1. Age limits and application for the BCTESG.

For the transitional period for children born in 2006, 2007, 2008 and 2009, special dates apply. The transaction date of the BCTESG request must fall into the following date ranges:

- for children born in 2006, from August 15, 2016, to August 14, 2019

- for children born in 2007, from August 15, 2015, to August 14, 2018

- for children born in 2008, from August 15, 2015, to August 14, 2018

- for children born in 2009, from August 15, 2015, or the day the beneficiary turns 6 (whichever is later) to August 14, 2018, or the day before the beneficiary turns 9 in 2018 (whichever is later)

For children born in 2010 or later, the transaction date of the BCTESG request when compared to their birth date must fall into the following age range:

- from the beneficiary's 6th birthday to the day before the beneficiary's 9th birthday

If the transaction date for the BCTESG request does not satisfy these requirements:

- the CESP system will process the BCTESG transaction

- the CESP system will not pay the BCTESG, and

- the promoter will receive a refusal reason 3 (Age of Beneficiary) in a record "911" of their Transaction Processing Report

Note: For the transitional period for children born in 2006, 2007, 2008 and 2009, a transaction date of the BCTESG request before August 15, 2015, will be rejected. Also, a BCTESG request for children born before 2006 will be rejected.

For example, a child born on January 1, 2007, turns 6 on January 1, 2013. The subscriber must complete a BCTESG application form with an eligible promoter between August 15, 2015, and August 14, 2018. This will avoid receiving a refusal reason 3 for the BCTESG request.

For example, a child born on June 20, 2010, turns 6 on June 20, 2016. The subscriber must complete a BCTESG application form with an eligible promoter between the child's 6th birthday on June 20, 2016, and the day before the child turns 9 on June 19, 2019. This will avoid receiving a refusal reason 3 for the BCTESG request.

7.5.4.2. Refusal reason D (late transaction)

Sometimes, promoters submit incorrect information or make formatting errors in their BCTESG request transactions (411-40). In that case, they must correct and resubmit those transactions to the CESP system in another file. If they send a file more than 3 years after the original transaction date of a BCTESG request in the file:

- the CESP system will process the BCTESG transaction, and

- the promoter will receive a refusal reason D (late transaction) in a record "911" of their Transaction Processing Report

For example, a BCTESG request with a transaction date of November 2, 2015, was rejected due to an error. The CESP system returned a Transaction Error Report record type "800" to the promoter in response to this request.

To avoid a refusal reason D, the promoter must send a file with the corrected BCTESG request transaction to the CESP system within 3 years (November 2, 2018) after the original BCTESG transaction date. To obtain a BCTESG payment for this request, this transaction must be successfully processed by the CESP system.

7.6. Repaying the BCTESG

Withdrawal of contributions will not trigger repayment of BCTESG but other circumstances may require the repayment of the BCTESG. For more information, refer to 7.6.2. Repayment circumstances.

Repayment consequences, repayment of BCTESG will result in loss of the beneficiary's BCTESG eligibility, which will not be restored. For more information, refer to 7.3. BCTESG amounts.

7.6.1. Repayment process

The promoter must:

1. recognize and identify circumstances that require BCTESG repayment

2. determine BCTESG amounts to repay, and

3. submit the required financial transaction(s) to the CESP system, indicating the amounts and repayment reasons. For more information, refer to 7.6.3. Submitting repayment information to the CESP system

Promoters initiate a BCTESG repayment from an RESP by submitting a transaction to the CESP system. It will indicate the amount of BCTESG to repay and the repayment reason. ESDC makes monthly direct deposits for each promoter. This includes all incentive payments made for all successfully processed transactions submitted by the promoter in the previous month. The CESP system subtract all repayment amounts for the previous month from the amount that it would normally pay to promoters in their next direct deposit.

7.6.2. Repayment circumstances

There are a number of circumstances in which the promoter must repay the BCTESG.

The promoter must repay the BCTESG when:

- they terminate the RESP

- the CRA revokes the registration of the RESP

- all or part of the BCTESG was withdrawn from the RESP and not used as an EAP

- the promote makes an accumulated income payment (AIP)

- the promoter makes a payment to a designated educational institution

- the promoter makes an EAP to an individual who is not a beneficiary under the RESP

- an ineligible transfer occurs

- an ineligible beneficiary replacement occurs

- the promoter adds a beneficiary, who is not a sibling, to a sibling only RESP after the BCTESG is paid into this RESP

- an application for the BCTESG contained false information

7.6.2.1. Calculating BCTESG repayments

If the promoter repays BCTESG for any of the above reasons, the amount repayable is the lesser of:

- the total balance of the BCTESG account (immediately before the triggering event), and

- the fair market value of the property held in the RESP (immediately before the triggering event)

7.6.3. Submitting repayment information to the CESP system

Financial transactions (record type "400") are used to record the movement of funds into or out of the RESP (with the exception of earnings). A BCTESG repayment (or any other incentive administered by ESDC) is considered to be a financial transaction.

When submitting BCTESG repayment information to the CESP system, the promoter will submit the following transaction to the CESP system:

- record type "400", transaction type "21" (Grant repayment)

In addition, the transaction will identify the BCTESG repayment reason (or flag), with one of the following codes:

- 02: Accumulated income payment (AIP)

- 03: Contract termination

- 04: Ineligible transfer

- 05: Ineligible Beneficiary Replacement

- 06: Payment to Educational Institution

- 07: Revocation (of the plan)

- 08: Ceases to meet sibling only condition

- 11: Other

Note: Repayment reasons 01, 09, 10, and 12 do not apply to the BCTESG. Therefore, they are not included in this list.

In all repayment transactions, promoters must also report the BCTESG that they repay to the CESP system. For more detailed information about how transactions are processed between the promoter and the CESP system, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

7.6.4. How funds are used to repay BCTESG

When processing a repayment, promoters must take into consideration whether or not there are sufficient funds in the RESP at the time repayment is required.

7.6.4.1. When sufficient funds exist in the RESP and the plan is terminated

When the plan is terminated and there are sufficient funds in the RESP, the promoter will repay the BCTESG and any other incentives from the corresponding RESP account(s).

7.6.4.1.1. Example – When sufficient funds exist in the RESP and the promoter terminates the plan

A subscriber terminated an Individual RESP with the following account balances because the beneficiary will never be eligible for an EAP. The promoter must repay all incentives because they terminated the plan.

The RESP accounts balance is:

- **RESP market value:** $27,275

- **earnings:** $9,375

- **contributions:** $14,000

- **BCTESG:** $1,200

- **Canada Education Savings Grant (CESG):** $2,800

In summary:

- BCTESG repayable = $1,200

- CESG repayable = $2,800

- **Total repayable = $4,000**

In this example, the promoter would withdraw the funds from the RESP and submit the following grant repayment transaction "400 21" to the CESP system:

- **"400-21" (03)** Reason code = 03 (Contract termination), $1,200 in the BCTESG amount field, $2,800 in the CESG amount field

7.6.4.2. When insufficient funds exist in the RESP and the plan is terminated

When the promoter terminates the RESP, they must repay all federal and provincial education savings incentives in the plan.

When the RESP has experienced a loss and there are insufficient funds to cover the total BCTESG amount repayable, the promoter must report it to the CESP. In order to do so, they will submit a **termination adjustment transaction** to the CESP system to report the shortfall.

Losses are first attributed to earnings, and then to contributions. Once these notional accounts are depleted, any remaining losses are apportioned equally across the federal and provincial education savings incentives that are remaining in the RESP.

Promoters must use a repayment formula for the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

The list of events that triggers repayments when there is a significant investment loss in an RESP is described in the Canada Education Savings Regulations, subsection 11(3).

Formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

(C × Y) / (Y + G) = amount of federal incentive (CESG, CLB) to be repaid:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance of the amounts that were paid into the RESP under a designated provincial program immediately before the time of the occurrence

7.6.4.2.1. Example – When insufficient funds exist in the RESP and the promoter terminates the plan

A subscriber terminated an Individual RESP because the beneficiary will never be eligible for an EAP. All the federal and provincial incentives must be repaid proportionally. This happens because the plan is terminated and has experienced a loss. Also, there are insufficient funds to cover the total amount of incentives repayable.

The RESP balance is:

- **RESP market value:** $3,800

- **earnings:** $0

- **contributions:** $14,000

- **BCTESG:** $1,200

- **Canada Education Savings Grant (CESG):** $2,800

In this example, the total amount of incentives that would normally be repayable ($1,200 + $2,800 = $4,000) exceeds the market value of the RESP ($3,800). Therefore, the following calculations are required to determine the actual repayable amount for each incentive.

Based on the federal education savings incentives repayment formula, the RESP promoter must repay $2,660 in CESG.

Calculation: Amount of the CESG to be repaid to ESDC:

- ($3,800 × $2,800) / ($2,800 + $1,200) = $2,660

The remaining $1,140 in the RESP would be repaid as the BCTESG.

Calculation: Amount of the BCTESG to be repaid to ESDC:

- $3,800 − $2,660 = $1,400

- BCTESG repayable = $1,140

- CESG repayable = $2,660

- **Total repayable = $3,800**

Note: If more than one federal or provincial incentive is remaining in the RESP, the promoter must determine the proportion of each incentive to repay.

In this example, the promoter would withdraw the funds from the RESP and submit the following grant repayment transaction "400-21" to the CESP system:

- **"400-21" (03)** Repayment reason code = 03 (Contract termination), $1,140 in the BCTESG amount field, $2,660 in the CESG amount field

Next, it will be necessary to determine the shortfall and submit the appropriate termination adjustment transaction to the CESP system. To determine the shortfall for each incentive, subtract the amount that can be paid (calculated above) from the incentive notional account balance. The following list shows the results of this calculation:

- BCTESG:
    - **notional account balance:** $1,200
    - **amount payable (refer above):** $1,140
    - **termination adjustment:** $60
- CESG:
    - **notional account balance:** $2,800
    - **amount payable (refer above):** $2,660
    - **termination adjustment:** $140
- shortfall:
    - **termination adjustment:** $200

The promoter must submit the following termination adjustment transaction "400 22" to inform ESDC of the $200 shortfall:

- **"400-22"** $60 in the BCTESG amount field, $140 in the CESG amount field

Note: The promoter should only use termination adjustments when terminating an RESP that has experienced a loss and there are insufficient funds to cover the total amount of incentives repayable.

7.7. Other transactions involving the BCTESG

The subscriber could ask the promoter to handle other transactions involving BCTESG including:

- transferring funds (including BCTESG) from one RESP to another

    For more information, refer to Chapter 9. Registered Education Savings Plan transfers and the education savings incentives

- responding to a request for an EAP and calculating the BCTESG portion of the EAP

For more information, refer to [Chapter 10. Post-secondary education and educational assistance payments](#)

Footnotes

Footnote 1

> As per the *British Columbia Training and Education Savings Program Regulation*, "sibling" means a sibling, half sibling or step sibling.

Chapter 8. Registered Education Savings Plan provider user guide – Saskatchewan Advantage Grant for Education Savings

From: **Employment and Social Development Canada**

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

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- Introduction

- 8.1. SAGES cancellation – Key dates

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

CESP

      Canada Education Savings Program

RESP

      Registered Education Savings Plan

SAGES

Introduction

The Government of Saskatchewan in its 2022 to 2023 budget has announced its intention to cancel the Saskatchewan Advantage Grant for Education Savings (SAGES). Subscribers are no longer able to apply for SAGES.

8.1. SAGES cancellation – Key dates

Here are the key dates relating to the cancellation of the SAGES:

- **August 31, 2023**: Final cut-off date for Registered Education Savings Plan (RESP) promoters to process any SAGES transactions

    - **September 6, 2023:** Final cut-off date for RESP promoters to submit any SAGES transactions to the Canada Education Savings Program (CESP) system

- **September 1, 2023:** Final cut-off date for promoters to have converted all SAGES held in RESPs into accumulated income

- **October 1, 2023:** SAGES transactions sent to the CESP processing system will be rejected

Chapter 9. Registered Education Savings Plan provider user guide – Registered Education Savings Plan transfers and the education savings incentives

From: **Employment and Social Development Canada**

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

ESDC

Employment and Social Development Canada

ESP

Education savings plans

ITA

Income Tax Act

ITS

Interface Transaction Standards

QESI

Quebec Education Savings Incentive

RESP

Registered Education Savings Plan

RT

Record Type

Introduction

When funds are transferred between Registered Education Savings Plans (RESPs) held within different financial institutions, the **transferring** and **receiving** RESP promoters must share information. They need to work together to successfully complete the following Employment and Social Development Canada (ESDC) RESP transfer form.

The RESP transfer form ESDC SDE 0100 includes 3 parts and 1 annex:

- Part A: subscriber request

- Part B: receiving promoter

- Part C: relinquishing promoter

- Annex 1: additional beneficiaries

Promoters must also submit accurate transfer transactions to the Canada Education Savings Program (CESP) system of ESDC. In addition, when undertaking the transfer, certain conditions are required to ensure that the beneficiary continues to be eligible for the following incentives:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

Note: This chapter only addresses transfer rules and regulations relating to incentives administered by ESDC. For any information regarding the transfer of the [Quebec Education Savings Incentive](#) (QESI), please contact Revenu Québec.

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

9.1. What is an RESP transfer and who is involved

Key concept: The term **RESP transfer** refers to the transactions that take place when all or parts of the funds in the plan are transferred from one RESP to another.

While the subscriber provides the information needed to facilitate the transfer and provides authorization by signing the required form, the RESP transfer process involves the cooperation of:

- the transferring RESP promoter, who transfers funds from the transferring plan to the receiving plan

- the receiving RESP promoter, who ensures funds are deposited into the corresponding notional accounts in the receiving plan, and

- ESDC

Each play a critical role in facilitating the RESP transfer process and confirming that it meets the conditions required to ensure that the beneficiary continues to be eligible for:

- the CESG

- the CLB, and/or

- the BCTESG

Synonyms for transferring and receiving: In this guide, "transferring RESP" means the plan from which funds are withdrawn in a transfer between RESPs. "Receiving RESP" means the plan in which these funds are deposited.

Other RESP documents may refer to transferring and receiving RESPs using different terms.

The following terms could replace "transferring":

- sending

- relinquishing

- originating

- transferor

The following term could replace "receiving":

- transferee

9.1.1. Responsibilities of the RESP promoters

Participating RESP promoters must follow the terms and conditions of the agreements signed with ESDC.

Under those agreements, RESP promoters must agree to track and report to the Minister of ESDC, all RESP financial activities in compliance with the CESP system Interface Transaction Standards (ITS). This includes transfer transactions that are reported in the record type (RT) 400 transaction. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

With respect to RESP transfers, RESP promoter responsibilities include:

- understanding the conditions for an "eligible" transfer with respect to the CESG, the CLB and the BCTESG and communicating this information to the subscriber

- completing the applicable RESP transfer form (ESDC SDE 0100: Annex 1, Part A, Part B and Part C) each time a transfer occurs, using information provided by the subscriber

- sharing information with other RESP promoters to successfully complete the transfer form as well as the transfer transaction. This represents a critical part of the transfer process. Accurately completing the RESP transfer form requires each RESP promoter to provide information, as authorized by the subscriber. Accurate and timely transfer transactions also ensure beneficiaries continue to be eligible for and receive the incentives for which they qualify

- submitting transfer transactions to the CESP system promptly and in compliance with ITS requirements

- continuing to administer the RESP as required under the *Income Tax Act* (ITA), and

- administering and accounting for the CESG, CLB and/or BCTESG that has been received

9.1.1.1. Responsibility for administering the incentives

Once the CESG, the CLB and/or the BCTESG is paid into an RESP, the RESP promoter becomes responsible for administering these funds.

When incentives are transferred, the transferring and receiving RESP promoters must advise the CESP system of the transferred amount(s) of CESG, the CLB and/or the BCTESG. This is accomplished by completing the RESP transfer form and submitting the respective transactions to the CESP system according to ITS requirements.

9.1.2. Responsibilities of ESDC

The main responsibility of ESDC, relative to transfers, is to track the CESG, the CLB and/or the BCTESG. They do so by receiving and processing transfer transactions submitted to the CESP system by RESP promoters.

Via the CESP system, ESDC will:

- accept and process transfer transactions

- validate the RESP promoters' records pertaining to the CESG, the CLB and/or the BCTESG, ensuring that information is maintained and has been accurately entered into the CESP system, and

- undertake compliance reviews to ensure:

  - promoters complete the transfer form and share information with other promoters

  - information is being submitted to and accepted by the CESP system, and

  - promoters accurately maintain their books and records to properly reflect all transfer transactions

Compliance reviews and the RESP transfer form: ESDC undertakes compliance reviews of the RESP promoters' records and submission of information to the CESP system. This includes ensuring that the RESP transfer form has been properly completed, signed and maintained in a record-keeping system.

9.2. RESP notional accounts – What they accomplish

RESP promoters must create and maintain separate RESP notional accounts to administer the CESG, the CLB, and/or the BCTESG. These notional accounts identify the value of each monetary component of the RESP.

An RESP may be comprised of the following notional accounts:

- assisted contributions made to the RESP by the subscriber

- unassisted contributions made to the RESP by the subscriber

- CESG (the Basic CESG and the Additional CESG)

- CLB – maintained separately for each beneficiary

- BCTESG

- earnings

Notional account balances entered onto the RESP transfer form must reflect the book value of RESP notional accounts.

When any financial transaction, which includes transfers, is processed in respect of a beneficiary, the funds are either deposited into or withdrawn from the appropriate RESP notional account depending on the purpose of the financial transaction. For example, contributions are deposited into the appropriate contribution notional account and the CESG (Basic and Additional) is deposited into the CESG notional account.

9.3. Implications when transferring funds to another RESP

The RESP promoter must be aware of the various possible implications of making an RESP transfer and is responsible for communicating this information to the subscriber(s). These could include the following:

- transfers are subject to ITA requirements and may have tax implications

- transfers must meet certain conditions to ensure the beneficiary's continued eligibility for the education savings incentives

- transfers may impact contribution history and the effective date of the plan

Note: RESP transfers are not permitted once an accumulated income payment (AIP) has been made from the transferring RESP. For more information, refer to Chapter 11. Options for assets remaining in the Registered Education Savings Plan.

9.3.1. Contribution history and potential tax penalties

Under the ITA, transfers of funds between RESPs are generally not restricted.

However, the Canada Revenue Agency (CRA) may consider contributions previously made to the transferring plan as contributions made to the receiving plan on the original contribution dates. This could result in over-contributions and applicable tax penalties.

Unless the transfer meets one of the following conditions, the receiving plan will assume the contribution history of the transferring plan and may incur tax penalties:

- the transferring and receiving plans have a common beneficiary, **or**

- a beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan and the receiving plan is a family plan, **or**

- a beneficiary of the receiving plan is a sibling of a beneficiary in the transferring plan, the receiving plan is an individual plan and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into

Age limit for adding beneficiaries to family plans, beneficiaries must either be less than 21 years old when named to a family plan. Either that, or they must have been beneficiaries under another family plan immediately before being added. For more information, refer to Chapter 4. Registered Education Savings Plans and 4.4.2. Family plans.

9.3.1.1. Determining if a transfer could have tax implications

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "Yes":

  - contribution history of the transferring plan **won't be** applied to the receiving plan and the transfer **won't** have tax implications

- If the answer is "No":

    - go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

    - go to step 3

- If the answer is "No":

    - contribution history of the transferring plan **will be** applied to the receiving plan and the transfer **may** have tax implications

Step 3: Is the receiving plan a family plan?

- If the answer is "Yes":

    - contribution history of the transferring plan **won't be** applied to the receiving plan and the transfer **won't** have tax implications

- If the answer is "No":

    - go to step 4

Step 4: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- If the answer is "Yes":

    - contribution history of the transferring plan **won't be** applied to the receiving plan and the transfer **won't** have tax implications

- If the answer is "No":

    - contribution history of the transferring plan **will be** applied to the receiving plan and the transfer **may** have tax implications

Beneficiary's age when the receiving plan was entered into: If the receiving plan has already received a transfer from another RESP, the effective date of the receiving plan could be earlier than the date on which the subscriber actually opened this plan. After receiving a transfer, the **effective date** of the receiving plan (the date on which the plan is deemed to have been entered into) is the earliest effective date of the 2 plans involved in the transfer. For more information, refer to section 9.3.8. Earliest effective date of the plan.

Failure to meet the above conditions may result in over-contributions and may require the subscriber(s) to pay penalty taxes. For more information, refer to Chapter 4. Registered Education Savings Plans and 4.5. Over-contributions.

It is important for the RESP promoter to communicate to the subscriber the possible consequences of transferring funds. A transfer that does not meet the conditions stipulated above may:

- result in an over-contribution for the beneficiary, which may incur a tax penalty on each subscriber's share of over-contributions that aren't withdrawn, and

- reduce lifetime RESP limits, even if over-contributions are withdrawn

9.3.1.2. Example: Contribution history and potential tax penalties

Transferring plan – A:

- effective date before the transfer: April 2, 1998

- type of plan: family plan with siblings only

- incentives paid in plan: Basic CESG only

- beneficiaries: Carl and Janet

Receiving plan – B:

- effective date before the transfer: January 10, 2011

- type of plan: family plan with cousins

- incentives offered by the promoter: Basic CESG only

- beneficiaries: Harry, Suzan and Bob

The subscriber of plan A requested the transfer on January 21, 2011. Janet, Carl and Bob are siblings. The receiving plan B was opened on January 10, 2011 when Bob was 30 years old. Bob was allowed to be named to the family plan B when they were older than 21 because they were already named in another family RESP at that time.

This transfer would not have tax implications because:

- Bob (receiving plan) is a sibling of Janet and Carl (transferring plan), and

- the receiving plan is a family plan

Determining if a transfer could have tax implications

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "No":

  o go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

  o go to step 3

Step 3: Is the receiving plan a family plan?

- If the answer is "Yes":

  o contribution history of the transferring plan **won't be** applied to the receiving plan and the transfer **won't** have tax implications

9.3.2. Transfer conditions for the education savings incentives

Transfers will be considered "ineligible" in respect of 1 or more education savings incentive(s) administered by ESDC unless the transfers follow conditions stipulated in:

- *Canada Education Savings Regulations*, and

- provincial regulations and agreements for any provincial incentive administered by ESDC

For an eligible transfer of all education savings incentives in an RESP:

- the transfer must meet all of the conditions for an eligible transfer of any provincial incentive administered by ESDC, and

- the receiving plan must support all of the conditions for receiving these incentives

When the receiving promoter does not offer an incentive, the receiving plan must support all of the conditions for receiving all of the incentives included in the RESP transfer. For example, a promoter must enter into an agreement with ESDC and pass industry testing before they can submit transactions for a particular incentive to the CESP system.

For additional information, refer to the following sections:

- 9.3.4. Making pre-transfer repayments to avoid ineligible transfers

- 9.3.5. When the receiving promoter does not offer the Additional CESG

- 9.3.6. When the receiving promoter does not offer the CLB

- 9.3.7. When the receiving promoter does not offer the BCTESG

If an education savings incentive is transferred ineligibly, it must be repaid. For more information, refer to section 9.3.3. Ineligible transfers and repayments.

Eligibility for the incentives and the RESP transfer form, both the transferring and receiving RESP promoters must be aware of the conditions affecting eligibility for the CESG, the CLB and/or the BCTESG.

By reviewing the **transfer eligibility information** in the RESP transfer form, the RESP promoter helps to ensure that the beneficiary continues to be eligible for the incentives for which they have already been qualified.

9.3.2.1. Conditions for an eligible transfer of the CESG

The following conditions must be satisfied for an eligible transfer of the CESG:

- the transferring and receiving plans have a common beneficiary, **or**

- a beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan and the receiving plan is a family plan, **or**

- a beneficiary of the receiving plan is a sibling of a beneficiary in the transferring plan, the receiving plan is an individual (non-family) plan, and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into

And:

- the receiving plan is an individual (non-family) plan or a family plan in which all beneficiaries are siblings, **or**

- no Additional CESG has been paid into the transferring plan

And:

- the receiving promoter must have a valid agreement with ESDC to offer the CESG (condition 4 in section 9 of Part A of the transfer form)

And:

- the receiving plan complies with all conditions applicable to registering education savings plans (ESPs) since January 1, 1999, as required by the ITA

For more information, refer to section [9.3.5. When the receiving promoter does not offer the Additional CESG](#).

9.3.2.2. Determining if conditions for an eligible transfer of the CESG are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "Yes":

  - go to step 2

- If the answer is "No":

  - go to step 3

Step 2: Is the receiving plan an individual plan or a family plan with siblings only?

- If the answer is "Yes":

  - go to step 4

- If the answer is "No":

  - go to step 5

Step 3: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

  - go to step 6

- If the answer is "No":

  - the transfer is ineligible

Step 4: Does the receiving plan follow all conditions applicable to registering ESPs since January 1, 1999, as required by the *Income Tax Act*?

- If the answer is "Yes":

  - the transfer is eligible

- If the answer is "No":

  - the transfer is ineligible

Step 5: Has Additional CESG been paid into the transferring plan?

- If the answer is "Yes":

  - the transfer is ineligible

- If the answer is "No":

  - return to step 4

Step 6: Is the receiving plan a family plan?

- If the answer is "Yes":

  - go to step 7

- If the answer is "No":

  - go to step 8

Step 7: Are all beneficiaries in the receiving plan siblings?

- If the answer is "Yes":

  - return to step 4

- If the answer is "No":

  - return to step 5

Step 8: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- If the answer is "Yes":

- - return to step 2
- If the answer is "No":
  - the transfer is ineligible

9.3.2.3. Example: Conditions for an eligible transfer of the CESG

Transferring plan – A:

- effective date before the transfer: April 2, 1998
- type of plan: family plan with siblings only
- incentives paid in plan: CESG
- beneficiaries: Maxim and Dianne

Receiving plan – B:

- effective date before the transfer: January 10, 2005
- type of plan: individual plan
- incentives offered by promoter: all incentives administered by ESDC
- beneficiary: Joel

The subscriber of plan A requested the transfer on September 15, 2011 when Joel was 30 years old. Maxim, Dianne and Joel are siblings and plan B was opened on January 10, 2005 when Joel was 24 years old.

Determining if conditions for an eligible transfer of the CESG are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "No":
  - go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":
    - go to step 3

Step 3: Is the receiving plan a family plan?

- If the answer is "No":
    - go to step 4

Step 4: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- If the answer is "No":
    - the transfer is ineligible

The transfer is ineligible for CESG because Joel wasn't less than 21 years old when plan B was entered into. The promoter must use January 10, 2005, plan B's effective date before the transfer, to determine if Joel was less than 21 when this plan was entered into. For additional information, refer to section 9.3.8. Earliest effective date of the plan.

If such a transfer is permitted, the promoter must repay the CESG from plan A. To determine the amount to be repaid, refer to section 9.3.3. Ineligible transfers and repayments.

9.3.2.4. Example: Conditions for an eligible transfer of the basic CESG

Transferring plan – A:

- effective date before the transfer: April 2, 1998

- type of plan: family plan with siblings only

- incentives paid in plan: Basic CESG only

- beneficiaries: Carl and Janet

Receiving plan – B:

- effective date before the transfer: January 10, 2011

- type of plan: family plan with cousins

- incentives offered by promoter: Basic CESG only

- beneficiaries: Harry, Suzan and Bob

The subscriber of plan A requested the transfer on January 21, 2011. Janet, Carl and Bob are siblings. The receiving plan B was opened on January 10, 2011 when Bob was 30 years old. Bob was allowed to be named to the family plan B when they were older than 21 because they were already named in another family RESP at that time.

This in an eligible transfer for the Basic CESG.

Determining if conditions for an eligible transfer of the Basic CESG are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "No":

  - go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

  - go to step 3

Step 3: Is the receiving plan a family plan?

- If the answer is "Yes":

  - go to step 4

Step 4: Are all beneficiaries in the receiving plan siblings?

- If the answer is "No":

  - go to step 5

Step 5: Has Additional CESG been paid into the transferring plan?

- If the answer is "No":

  - go to step 6

Step 6: Does the receiving plan follow all conditions applicable to registering ESPs since January 1, 1999, as required by the *Income Tax Act*?

- If the answer is "Yes":

  - the transfer is eligible

9.3.2.5. Conditions for an eligible transfer of the CLB

The subscriber does not need to transfer the CLB in same proportion as each of the other notional accounts.

The following conditions must be satisfied for an eligible transfer of CLB:

- the transferring and receiving plans have a common beneficiary. If the CLB is transferred, it must be between CLB notional accounts in an RESP held for the same beneficiary

- if the receiving plan is a family plan, all beneficiaries are siblings

- the receiving promoter must have a valid agreement with ESDC to offer the CLB (condition 4 in section 9 of Part A of the transfer form), and

- the receiving plan complies with all conditions applicable to registering education savings plans (ESPs) since January 1, 1999, as required by the ITA

For more information, refer to section 9.3.6. When the receiving promoter does not offer the CLB.

9.3.2.6. Determining if conditions for an eligible transfer of the CLB are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "Yes":

  - go to step 2

- If the answer is "No":

  - the transfer is ineligible

Step 2: Is the receiving plan an individual plan?

- If the answer is "Yes":

  - go to step 3

- If the answer is "No":

  - go to step 4

Step 3: Does the receiving plan follow all conditions applicable to registering ESPs since January 1, 1999, as required by the *Income Tax Act*?

- If the answer is "Yes":

  - the transfer is eligible

- If the answer is "No":

  - the transfer is ineligible

Step 4: Are all beneficiaries in the receiving plan siblings?

- If the answer is "Yes":

  - return to step 3

- If the answer is "No":

- the transfer is ineligible

9.3.2.7. Example: Conditions for an eligible transfer of the CLB

Transferring plan – A:

- effective date before the transfer: January 12, 2005

- type of plan: family plan with siblings only

- incentives paid in plan: the CESG (Basic and Additional) and the CLB (for Sarah)

- beneficiaries: Sarah and Jonathan

Receiving plan – B:

- effective date before the transfer: August 9, 2011

- type of plan: family plan with cousins

- incentives offered by promoter: all incentives administered by ESDC

- beneficiaries: Nancy, Joel and Sarah

The subscriber of plan A requested the transfer on September 7, 2011. This isn't an eligible transfer for CLB because the receiving plan beneficiaries aren't all siblings. Since the transfer isn't eligible and the transfer is allowed to take place, the notional incentive accounts (CESG and CLB) of Plan A must be repaid. To determine the amount to be repaid, refer to section 9.3.3. Ineligible transfers and repayments.

Determining if conditions for an eligible transfer of the CLB are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "Yes":

  - go to step 2

Step 2: Is the receiving plan an individual plan?

- If the answer is "No":

  - go to step 3

Step 3: Are all beneficiaries in the receiving plan siblings?

- If the answer is "No":

  - the transfer is ineligible

The CLB repayments don't affect the lifetime CLB entitlement of a beneficiary. Sarah could be named in another RESP after CLB amounts, paid to Sarah in plan A, are repaid to ESDC. Sarah could then receive their accumulated CLB entitlements in the new RESP and these entitlements would include any repaid CLB amounts.

The CLB could also be left in plan A to avoid an ineligible transfer. In that case, no repayment of the CESG or the CLB would be required. For additional information, refer to section 9.4.1. Partial transfers.

9.3.2.8. Conditions for an eligible transfer of the BCTESG

The subscriber does not need to transfer the BCTESG in same proportion as each of the other notional accounts.

The following conditions must be satisfied for an eligible transfer of BCTESG:

- the transferring and receiving plans have a common beneficiary, **or**

- a beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan, and the receiving plan is a family plan, **or**

- a beneficiary in the receiving plan is a sibling of a beneficiary in the transferring plan, the receiving plan is an individual (non-family) plan, and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was entered into

And:

- if the receiving plan is a family plan, all beneficiaries are siblings

And:

- the receiving plan complies with all conditions applicable to registering ESPs since January 1, 1999, as required by the ITA

And:

- the receiving plan promoter offers the BCTESG

For more information, refer to section [9.3.7. When the receiving promoter does not offer the BCTESG](#).

9.3.2.9. Determining if conditions for an eligible transfer of the BCTESG are satisfied

Step 1: Subscriber requests an RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "Yes":

    - go to step 2

- If the answer is "No":

    - go to step 3

Step 2: Is the receiving plan a family plan?

- If the answer is "Yes":

    - go to step 4

- If the answer is "No":

    - go to step 5

Step 3: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

- return to step 2
- If the answer is "No":
  - the transfer is ineligible

Step 4: Are all beneficiaries in the receiving plan siblings?

- If the answer is "Yes":
  - go to step 6
- If the answer is "No":
  - the transfer is ineligible

Step 5: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- If the answer is "Yes":
  - go to step 6
- If the answer is "No":
  - the transfer is ineligible

Step 6: Does the receiving plan promoter offer BCTESG?

- If the answer is "Yes":
  - go to step 7
- If the answer is "No":
  - the transfer is ineligible

Step 7: Does the receiving plan follow all conditions applicable to registering ESPs since January 1, 1999, as required by the *Income Tax Act*?

- If the answer is "Yes":
  - the transfer is eligible

- If the answer is "No":

    o the transfer is ineligible

9.3.2.10. Example: Conditions for an eligible transfer of the BCTESG

Transferring plan – A:

- effective date before the transfer: August 3, 2009

- type of plan: family plan with siblings only

- incentives paid in the plan: the CESG and the BCTESG

- beneficiaries: Jordan and Jessica

Receiving plan – B:

- effective date before the transfer: January 10, 2013

- type of plan: individual plan

- incentives offered by promoter: all incentives administered by ESDC

- beneficiary: Rodney

The subscriber of plan A requested the transfer on November 16, 2015. Jordan, Jessica and Rodney are siblings. Plan B was opened on January 10, 2013 when Rodney was 19 years old.

Determining if conditions for an eligible transfer of the BCTESG are satisfied

Step 1: Subscriber requests RESP transfer. Is there a common beneficiary in both plans?

- If the answer is "No":

    o go to step 2

Step 2: Does the receiving plan have a beneficiary who is a sibling of a beneficiary in the transferring plan?

- If the answer is "Yes":

  - go to step 3

Step 3: Is the receiving plan a family plan?

- If the answer is "No":

  - go to step 4

Step 4: Was the beneficiary in the receiving plan less than 21 years old when the receiving plan was entered into?

- If the answer is "Yes":

  - go to step 5

Step 5: Does the receiving plan promoter offer BCTESG?

- If the answer is "Yes":

  - go to step 6

Step 6: Does the receiving plan follow all conditions applicable to registering ESPs since January 1, 1999, as required by the *Income Tax Act*?

- If the answer is "Yes":

  - the transfer is eligible

This transfer is eligible for the BCTESG because Rodney is a sibling of a beneficiary in the transferring plan, and they were less than 21 years old when plan B was entered into.

9.3.3. Ineligible transfers and repayments

If the conditions for an eligible transfer aren't satisfied and the transfer is allowed to occur, the transferring promoter must repay the lesser of the following amounts to ESDC:

- the total of the balance in the CESG notional account, the balance of all provincial incentive notional accounts administered by ESDC and the balance of all of the CLB notional accounts of the transferring RESP immediately before the time of the ineligible transfer, and

- the amount determined by the formula: **(C × Y) / (Y + G)**

Where:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance in the RESP immediately before the time of the occurrence, of the amounts that were paid into the RESP under a designated provincial program

You can find the formula in the *Canada Education Savings Regulations* 11(4) (b).

Note: It may be possible to repay only the incentives that don't satisfy all conditions for an eligible transfer under the pre-transfer repayment policy. For more information, refer to section 9.3.4. Making pre-transfer repayments to avoid ineligible transfers.

Submitting repayment transactions for ineligible transfers, when submitting repayment information to ESDC, RESP promoters must submit the following transaction to the CESP system:

- RT 400, transaction type 21 (grant repayment)

For a repayment due to an ineligible transfer, this transaction will:

- identify the repayment reason as 04 (ineligible transfer), and

- report the amount of each incentive to be repaid due to the ineligible transfer

Repayment amounts reported to ESDC for a particular promoter are subtracted from the total amount of incentives that ESDC would otherwise pay to the promoter each month. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

Example: Ineligible transfers and repayments

A subscriber initiated an RESP transfer to invest the funds with another RESP promoter. However, when the transfer form was completed, it was determined that this transfer would not satisfy the conditions for an eligible transfer. Even after being advised of the consequences by the transferring promoter, the subscriber decided to continue with the transfer. The transferring promoter must submit the required repayment transaction for this ineligible transfer to the CESP system.

9.3.4. Making pre-transfer repayments to avoid ineligible transfers

Under the pre-transfer repayment policy, only the incentives that don't satisfy all conditions for an eligible transfer must be repaid before the transfer, and therefore allows the remaining eligible incentives to be transferred.

In a situation where the BCTESG is the incentive that does not satisfy all conditions for an eligible transfer, it can also remain behind in the relinquishing RESP. For more information, refer to section 9.3.7. When the receiving promoter does not offer the BCTESG.

The repayment of the CESG and/or the BCTESG will result in the loss of the beneficiary's grant room, which can't be restored.

If the receiving promoter does not offer the Additional CESG, the CLB or the BCTESG, refer to the following sections for more options:

- 9.3.5. When the receiving promoter does not offer the Additional CESG
- 9.3.6. When the receiving promoter does not offer the CLB
- 9.3.7. When the receiving promoter does not offer the BCTESG

9.3.4.1. Pre-transfer repayment process

The transferring promoter must follow these 3 steps to complete the pre-transfer repayment(s):

1. confirm the transfer eligibility information provided by the receiving promoter

2. repay the incentive(s) which would otherwise cause a transfer to be ineligible

3. report the repayment of the ineligible incentive(s) using repayment reason 04 (ineligible transfer)

Once these steps are complete, the transferring promoter may then continue with the transfer of the remaining assets in the RESP as per the usual transfer process.

9.3.4.2. Pending application for incentives

Before completing a transfer, there may be pending applications for incentives that would result in an ineligible transfer. If such an incentive is paid into the transferring RESP after the transfer has been completed, it must be repaid using repayment reason 04 (ineligible transfer).

Subsequent payments for pending applications of eligible incentives should be processed normally. For more information, refer to sections 9.3.4.4. Pre-transfer repayment example and 9.6.3. When there is a pending incentive.

For information about pending application(s), refer to the RESP Transfer form, Part C. The relinquishing promoter must complete sections 6 and 8 of this form. For more information, refer to section 9.5.1. Form overview.

9.3.4.3. Partial transfers

Subscribers must transfer the same proportion from each of the notional account balances (the assisted contributions, unassisted contributions, the

CESG and accumulated incomes), with the exception of the CLB and the BCTESG.

Subscribers can choose to transfer all, some or none of the CLB and the BCTESG.

The entire notional account balance of an ineligible incentive must be repaid before either a full or a partial transfer.

9.3.4.4. Pre-transfer repayment example

Note: This example uses the BCTESG to illustrate the process of a pre-transfer repayment. Although this policy can be used in the case of any incentive, there are also other options available to subscribers when it comes to these funds.

A subscriber would like to transfer 50% of the assets (excluding the CLB) from a family RESP administered by promoter A to a new family RESP that is administered by promoter B. The transferring promoter A offers the CESG (Basic and Additional), the CLB and the BCTESG whereas the receiving promoter B offers only the Basic CESG.

At the time of the transfer request, the transferring RESP had a fair market value of $2,900. There is also a pending application for the CESG because of a recent $100 contribution that wasn't yet processed by the CESP system. The transferring RESP had the following notional account balances at the time of the transfer request:

Table 1: Notional account balances at the time of the transfer request

Transferring RESP notional accounts	Notional account balances at the time of the transfer request
Assisted contributions	$500

Table 1: Notional account balances at the time of the transfer request

Transferring RESP notional accounts	Notional account balances at the time of the transfer request
Unassisted contributions	$100 (pending receipt of grant)
CESG (Basic and Additional)	$200
CLB	$500
BCTESG	$1,200
Earnings	$400

While promoter B does not offer the BCTESG, the CLB or the Additional CESG, this promoter agreed to administer the rules for the Additional CESG. They could therefore accept a transfer that included the Additional CESG amounts. However, the partial transfer could not include either the BCTESG or the CLB, since the receiving promoter doesn't offer these incentives. To satisfy the proportional transfer rule and the required conditions for an eligible transfer, promoter A submitted a repayment transaction to the CESP system to repay the entire BCTESG notional account balance ($1,200) even though the subscriber had requested a partial transfer. Promoter A also retained the entire CLB balance ($500) to avoid an ineligible transfer.

After promoter A entered the $1,200 BCTESG pre-transfer repayment transaction into their system, the RESP had a fair market value of $1,700 and the following notional account balances.

Table 2: Notional account balances after the BCTESG pre-transfer repayment

Transferring RESP notional accounts	Notional account balances after the BCTESG pre-transfer repayment
Assisted contributions	$500
Unassisted contributions	$100 (pending receipt of grant)
CESG	$200
CLB	$500
BCTESG	$0
Earnings	$400

Promoter A and B collaborated to complete the transfer form, Part A, Part B and Part C and transferred the following amounts (50% partial transfer excluding CLB) to promoter B using the normal transfer process.

Table 3: Amount transferred (50%)

Notional account	Amount transferred (50%)
Assisted contributions	$250

Table 3: Amount transferred (50%)

Notional account	Amount transferred (50%)
Unassisted contributions	$50 (pending receipt of grant)
CESG	$100
Earnings	$200

Promoter A (relinquishing promoter) indicated on the transfer form, Part C, section 6 that there was a pending application for the CESG at the time of the initial transfer. They did so without completing the section titled **Notional transfer amount of pending grant(s)/bond** of that same section of the form.

In the month following the transfer, promoter A received a payment of $40 in CESG ($20 of the Basic CESG and $20 of the Additional CESG) because of the pending CESG application. Since the new CESG payment with promoter A would not have resulted in an ineligible transfer, promoter A initiated the normal transfer process to transfer 50% of the pending grant amount ($20 in CESG to promoter B).

When performing a subsequent transfer due to pending incentives

Promoter A must complete sections 6 and 8 of Part C of a new transfer form and send it to the receiving promoter B with:

- a copy of page 1 of Part C of the initial transfer form; or
- a fully completed page 1 of Part C of the new transfer form

This transfer form, Part C indicated that $20 in CESG was transferred because of the pending CESG application that existed before the original transfer. Since promoters A and B must update the assisted and unassisted contribution notional account balances in their systems to take the new CESG payment into account, the transfer form Part C must also indicate that $50 of unassisted contributions in the original transfer should now be considered assisted contributions in the receiving RESP.

Both promoters A and B submitted new transfer transactions to the CESP system to report the transfer of $20 that was paid for the pending CESG application.

9.3.5. When the receiving promoter does not offer the Additional CESG

If the receiving promoter does not offer the Additional CESG and the transferring RESP has received the Additional CESG, for the transfer to be eligible, the receiving promoter must agree to ensure that:

- all beneficiaries named under the receiving RESP are siblings

- any additional beneficiaries named to the RESP after the transfer are siblings of every other beneficiary named under the RESP, and

- the presence of the Additional CESG in the RESP is reported in subsequent transfers

Refusing to administer the rules of the Additional CESG, if the receiving promoter does not offer the Additional CESG and refuses to administer the above rules, the relinquishing promoter repays the entire CESG balance (Basic and Additional CESG combined) in a pre-transfer repayment to avoid an ineligible transfer. For additional information, refer to section 9.3.4. Making pre-transfer repayments to avoid ineligible transfers.

Adding a beneficiary to a siblings-only plan after an eligible transfer: If an eligible transfer included Additional CESG from the transferring plan and, afterwards, a beneficiary who isn't a sibling is added to the receiving plan, the lesser of the following amounts must be repaid to ESDC:

1. the balance of the CESG notional account (Basic and Additional CESG combined) of the receiving RESP immediately before the individual becomes a beneficiary, and

2. the fair market value of the property held in connection with the receiving RESP immediately before the individual becomes a beneficiary

Example: When the receiving promoter does not offer the Additional CESG

A subscriber initiated a transfer from an individual RESP "A" that had already received $100 in Additional CESG payments (but no other incentives), to a family RESP "B" administered by another promoter. While the receiving promoter of RESP "B" does not offer the Additional CESG, all conditions for an eligible transfer were satisfied at the time of the transfer.

2 years after the transfer, the subscriber named another beneficiary to RESP "B". However, the new beneficiary wasn't a sibling of the other beneficiaries.

Immediately before adding the new beneficiary, RESP "B" had a:

- CESG notional account balance of $1,000, and

- a fair market value of $15,875

Now that all beneficiaries in RESP "B" are no longer siblings, $1,000 (the lesser of $1,000 and $15,875) must be repaid to ESDC.

Submitting the repayment transaction to the CESP system, in the above example, the promoter would submit a transaction to the CESP system with the following information:

- record type 400, transaction type 21 (grant repayment)

- repayment reason = 08 (ceases to meet sibling only condition)

- grant amount = $1,000 (CESG amount to repay)

Repayment amounts reported to the CESP system for a particular promoter are subtracted from the total amount of incentives that the CESP system

would otherwise pay to the promoter each month. For more information, refer to [Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards](#).

9.3.6. When the receiving promoter does not offer the CLB

A transfer is ineligible if it includes the CLB amounts and the receiving RESP promoter does not offer the CLB. If such a transfer is allowed to occur, the promoter must determine the amount to refund. For more information on the amount to refund, refer to section [9.3.3. Ineligible transfers and repayments](#).

Impact of the CLB repayments on lifetime CLB entitlements, repayment of the CLB isn't like a repayment of other incentives because it does not affect the lifetime CLB entitlement for a beneficiary. A beneficiary could be named in a different RESP to receive any CLB amounts that had been repaid from that beneficiary's CLB notional accounts in other RESPs.

To avoid repaying all incentives due to an ineligible transfer of the CLB, a subscriber could choose to exclude the CLB amounts in a transfer.

Subscribers can transfer all, part or none of the CLB. Transfer of CLB isn't like the transfer of other incentives because subscribers can choose to transfer all, part or none of the CLB.

Example: When the receiving promoter does not offer the CLB

A subscriber requested a transfer from Maxim's individual RESP "A" with a fair market value of $1,285, which included $800 in CLB and $200 in CESG. The receiving RESP "B" (for Maxim and their sibling Sarah) is administered by another promoter that does not offer CLB.

The transfer would be ineligible if Maxim's CLB was included in the transfer to RESP "B" because this promoter does not offer the CLB. In this case, $1,000 (the combined value of the CESG and the CLB notional account balances in RESP "A") is less than $1,285 (the fair market value of RESP "A"). Therefore, $1,000 would have to be repaid. The $800 of CLB repayments could be eventually paid back into another RESP for Maxim. However, the

$200 CESG repayment would reduce Maxim's lifetime CESG limit from $7,200 to $7,000.

To avoid an ineligible transfer that results in incentive repayments, the subscriber could choose to exclude the $800 CLB amount and transfer only $200 in CESG to RESP "B". There were 2 options for the remaining $800 in CLB. It could be left in the original RESP "A" or transferred at a later date to another RESP for Maxim, that offers CLB.

9.3.7. When the receiving promoter does not offer the BCTESG

Effective June 15, 2020, a new policy was implemented that provides additional flexibility to subscribers. It removed the requirement to transfer amounts of the BCTESG in the same proportion as other properties in the RESP that is also required to be proportionally transferred. Therefore, if the receiving promoter does not offer the BCTESG, the BCTESG can remain behind in the sending RESP.

This means that the promoter does not need to repay the BCTESG to proceed with the transfer of the remaining incentives. A repayment of the BCTESG will result in the loss of the beneficiary's BCTESG grant room, which can't be restored.

Subscribers can transfer all, part or none of the BCTESG, transfer of the BCTESG isn't like the transfer of other incentives because subscribers can choose to transfer all, part or none of the BCTESG.

9.3.8. Earliest effective date of the plan

According to the ITA, after an RESP transfer occurs, the earliest **effective date** of the 2 plans must be used to determine the following for the receiving plan:

- when contributions to the RESP must end

- when AIPs can start

- when the RESP must be terminated

- the age of a beneficiary when the receiving plan was entered into

Example: Earliest effective date of the plan

Transferring plan "A" effective date: March 15, 2004

Receiving plan "B" effective date: April 30, 2005

After the transfer: plan A to plan B

Use March 15, 2004 as the effective date to determine the dates (for plan B) when:

- contributions must stop

- AIPs can begin, and

- the plan must be closed

Beneficiary's age when the receiving plan was entered into, one eligibility criterion for transfers to an individual plan is the age of a sibling in the receiving plan when the receiving plan was entered into. For an example, refer to section 9.3.2.1. Conditions for an eligible transfer of the CESG.

If no previous transfers have been made into the receiving plan:

- use the date the receiving plan was actually opened to determine how old the beneficiary was when the receiving plan was entered into

If the receiving plan has already received a transfer from another plan:

- use the earliest effective date of the receiving plan before the next transfer, to determine the beneficiary's age when the receiving plan was entered into

Example: Earliest effective date of the plan

The following table lists the dates on which subscribers actually signed 3 new RESP contracts.

Table 4: Earliest effective date of the plan

RESP	Type	Opening date on signed contract
A	Family	April 2, 1998
B	Individual	January 10, 2005
C	Individual	August 4, 2004

Transfer from A to B

On November 1, 2011, there was a transfer from RESP A to RESP B.

To determine if the sibling in plan B was less than 21 years old when plan B was entered into, the promoter must use the effective date of plan B before the transfer. For an eligible transfer from A to B, the sibling would have to have been less than 21 years old on January 10, 2005.

After the transfer from RESP A to RESP B, April 2, 1998 becomes the effective date of plan B because this is earlier than the actual date on which plan B was opened. After this transfer, April 2, 1998 would be used to determine:

- when contributions to plan B must end

- when AIPs can start from plan B

- when plan B must be terminated, and

- the age of a beneficiary when the receiving plan was entered into

Transfer from C to B

On November 30, 2011, there was a transfer into plan B from plan C.

However, as there was a previous transfer into plan B, the effective date of plan B before the transfer from plan C was April 2, 1998. For an eligible transfer from C to B, the beneficiary would have to have been less than 21 years old on April 2, 1998.

After this transfer, the effective date of plan B would remain at April 2, 1998, because this date is earlier than the effective date of plan C.

9.4. Types of transfers

If the terms of a subscriber's contract allow for it, a subscriber can choose to make a full or partial transfer of the property in the RESP. The type of transfer will determine how the RESP promoters will manage the funds in each education incentives notional account (the CESG, the CLB, and the BCTESG notional accounts). In the case of a full transfer:

- the transferring RESP promoter transfers all monies in the transferring RESP (contributions, earnings, and education savings incentives) to the receiving plan, and

- the receiving RESP promoter will then ensure monies are deposited into the corresponding notional accounts in the RESP

9.4.1. Partial transfers

If only a portion of the property in the RESP is transferred, then:

- the transferring RESP promoter must calculate and transfer the equal portion of the contributions, earnings and the CESG to the receiving plan (an example is provided below). For more information, refer to section 9.4.1.1. Step 1 – Determining the proportion of amounts to be transferred

- the CLB and the BCTESG are excluded when calculating the market value of the RESP to determine proportions

- the receiving RESP promoter will then ensure monies are deposited into the corresponding notional accounts in the RESP

The CLB and the BCTESG must be isolated if included in a partial transfer. The subscriber can choose to transfer all, part, or none of the CLB and the BCTESG when making a partial transfer. The CLB and the BCTESG don't have to be transferred in the same proportions as other assets in the plan. The CLB and the BCTESG are excluded when calculating the market value of the RESP to determine proportions.

9.4.1.1. Step 1-Determining the proportion of amounts to be transferred

In many cases, RESP promoters' systems are set up to automatically calculate the proportion of contributions, earnings and/or CESG that will be included in a partial transfer.

However, it's helpful to understand the process for determining the correct proportion of the CESG notional account that must be transferred, as follows:

1. determine the market value of the plan

2. calculate what percentage of the plan's market value is represented by the requested transfer amount, using the following formula

Requested transfer amount / RESP market value = Proportional percentage

For example, if the subscriber wishes to transfer $1,950 to another RESP and the current RESP market value is $7,500, then the above equation would be populated as follows.

$1,950 / $7,500 = 26%

In this example, the requested transfer amount of $1,950 represents 26% of the plan's current value

3. apply this percentage (or proportion) to each notional account in the RESP (except the CLB and the BCTESG notional accounts)

Remember: The CLB and the BCTESG aren't included when calculating market value of the RESP when determining proportions to be transferred.

When monies are transferred from 1 RESP to another, the transferring RESP promoter must debit out the amounts from the notional accounts in the transferring RESP.

The RESP promoter of the receiving plan must then ensure that the monies are credited into the corresponding notional accounts in the receiving RESP. This maintains the integrity of the balances in all notional accounts for both RESPs. For more information, refer to section 9.7. An overview of the transfer process.

9.4.1.2. Step 2–Calculating the proportion of the CESG

Based on the previous example, note how the proportion of the CESG to be transferred is determined.

Calculating the CESG proportion, in this example, the notional accounts in the transferring RESP look like this:

- **RESP market value**: $7,000

- **earnings**: $1,150

- **contributions**: $4,500

- **CLB**: $0

- **CESG**: $1,350

- **requested partial transfer amount**: $1,820

- **proportion of RESP**: $1,820 / $7,000 = 26%

The transferring RESP promoter must use this percentage (26%) to calculate the value of each notional account held in the RESP:

- earnings × 26% = $299

- contributions × 26% = $1,170

- CESG × 26% = $351

- **total amount of transfer = $1,820**

The transferring RESP promoter will transfer $1,820 to the receiving RESP promoter identified by the subscriber.

Populating proportional amounts onto the RESP transfer form, based on the above example the following amounts would be entered onto the RESP transfer form.

Account balances and market value:

- **unassisted contributions**: $0
- **assisted contributions**: $1,170
- **CESG**: $351
- **CLB**: $0
- **earnings**: $299
- **total market value**: $1,820

Remember: While the amount of CESG will be in proportion to the total value of funds transferred, the CLB is accounted for separately. The subscriber can choose to transfer all, part or none of the CLB at the time of the transfer. If they do transfer the CLB, it must be attributed to the beneficiary for whom it was directed and meet specific conditions governing its transfer.

For more information, refer to sections 9.3. Implications when transferring funds to another RESP and 9.3.2. Transfer conditions for the education savings incentives as well as Chapter 6. The Canada Learning Bond.

9.4.1.3. Example of a partial transfer—When there is a loss in the plan

In the following example, the **book value of the plan** is $2,000. However, the plan has suffered a loss of $400 and there are no earnings in the plan. Therefore, based on the notional account balances, and taking into account the $400 loss, the **market value of the plan** is $1,600.

Calculating the CESG proportion, in this example, the notional accounts in the transferring RESP look like this:

- **RESP market value**: $1,600

- **earnings**: $(400)

- **contributions**: $1,000

- **CLB**: $500

- **CESG**: $500

- requested partial transfer amount: $800 (of the market value)

- proportion of RESP: $800 / **$1,100** = 72.727%

Note: The CLB of $500 isn't included when calculating the market value to determine its proportion with relation to the RESP. Therefore, the denominator of $1,100 above reflects the RESP market value of $1,600 less $500 (which is $1,100).

The transferring RESP promoter must use this percentage (72.727%) to calculate the value of each notional account held in the RESP:

- earnings = $0

- contributions × 72.727% = $727.27

- CESG × 72.727% = $363.63

- **total book value of transfer = $1,090.90 ($727.27 + $363.63)**

- total market value of transfer = $800.00

- (loss) of $400 × 72.727% = **$290.90**

Note: The difference between the RESP book value of the transfer ($1,090.90) and the market value of the requested transfer ($800) is $290.90. This is equal to 72.727% of the $400 loss. Therefore, the loss is accommodated in the transfer.

Populating proportional amounts onto the RESP transfer form, based on the above example the following amounts would be entered on the RESP transfer form.

Notional account balances and market value:

- **unassisted contributions**: $0

- **assisted contributions**: $727.27

- **CESG**: $363.63

- **CLB**: $0

- **earnings**: $0

- **total market value**: $800

Remember: While the amount of CESG will be in proportion to the total value of funds transferred, the CLB is accounted for separately. The subscriber can choose to transfer all, part or none of the CLB at the time of the transfer. If they do transfer the CLB, it must be attributed to the beneficiary for whom it was directed and meet specific conditions governing its transfer.

For more information, refer to sections 9.3. Implications when transferring funds to another RESP and 9.3.2. Transfer conditions for the education savings incentives, as well as Chapter 6. The Canada Learning Bond.

9.4.1.4. Partial transfers subject to transfer conditions

Partial transfers are subject to the same transfer conditions as full transfers. The RESP transfer must follow all conditions applicable to the CESG, CLB and/or BCTESG to ensure it's an "eligible" transfer with respect to the incentive.

Confirm the transfer meets all transfer conditions: If 1 or more of the education savings incentives (the CESG, the CLB and/or BCTESG) held in the relinquishing RESP can't be transferred, the education savings incentive that

makes the transfer ineligible must be repaid in full before the transfer, regardless if it is a full or partial transfer.

For more detailed information, refer to the following sections:

- 9.3. Implications when transferring funds to another RESP

- 9.3.2. Transfer conditions for the education savings incentives

- 9.3.4. Making pre-transfer repayments to avoid ineligible transfers

9.5. Transfer form

It is mandatory to complete the transfer form (SDE 0100) to facilitate external transfers (transfers that occur between RESPs held by different RESP promoters that use different business numbers).

The use of the transfer form is no longer compulsory for internal transfers (transfers that occur between RESPs held by the same RESP promoter using the same business number). Promoters may facilitate internal transfers using their own methodology.

As with external transfers, the processing of internal transfers must be verifiable for the purpose of compliance reviews. Promoters that choose to facilitate internal transfers without using the ESDC transfer form will still be required to show that transfer eligibility was confirmed prior to processing. They must also show that RESP notional balances were transferred and distributed appropriately between receiving and relinquishing RESPs.

The transfer form is used to:

- request and record the transfer of funds from one RESP to another

- facilitate the required exchange of information between RESP promoters

- ensure compliance with legislative requirements to retain the CESG, the CLB and/or the BCTESG in the RESP account, and

- collect the information that must be submitted electronically to the CESP system via an RT 400 financial transaction

Subscribers and promoters work together to complete the transfer form and process transfer requests.

9.5.1. Form overview

The following 3 main parts of the transfer form must be completed for each RESP transfer:

Reminder: It is mandatory to complete the transfer form (SDE 0100) to facilitate external transfers

- Part A: subscriber request

- Part B: receiving promoter

- Part C: relinquishing promoter

Annex 1: Additional beneficiaries

For more than 3 beneficiaries, each promoter is to complete their respective copy of the Annex 1: Additional beneficiaries

You can download all of these components of the transfer form from the **Forms** tab of the [Resources for RESP promoter](#) web page

A transfer can proceed only after all of the following 3 main parts of the transfer form have been completed by the appropriate parties:

- subscriber completes Part A

- receiving promoter completes Part B

- transferring promoter completes Part C

The process begins when the subscriber completes Part A. The transferring and receiving promoters must collaborate to complete Part B and C, and they must also share all completed parts of the transfer form.

9.5.2. Once the form has been completed

Once the RESP transfer form is completed by both the receiving and transferring RESP promoters, they must enter the information into their respective electronic systems based on their internal procedures. This information must then be sent to the CESP system via the RT 400 financial transaction. For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards and section 3.5.10. Contract transfers (400-19 and 400-23).

9.6. Guidelines for successful transfers

The following checklist is designed to help each RESP promoter take the necessary steps to ensure a successful transfer process.

Promoters are required to:

- complete their portion of the transfer form

- share all necessary and accurate information with the other promoters

- process the transfers in their systems and properly update notional accounts

- report the transfers to the CESP system in the format required by the ITS, and

- correct any transactions that are rejected due to errors

For more information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

9.6.1. Mandatory fields and ITS requirements

When information is submitted electronically to the CESP system, each information element must conform to the ITS (example: its format, type, and number of characters per field).

All RESP promoters are responsible for ensuring that the information collected on the RESP transfer form is accurate and compliant with ITS requirements.

9.6.2. Transfer transaction types

Each RESP promoter must submit transfer transactions to the CESP system. These transactions are reported in the RT 400 record; however, each RESP promoter must submit a specific transaction type. This will indicate the transfer out and transfer in information.

- the relinquishing promoter sends a transaction type "23" (transfer out)
- the receiving promoter sends a transaction type "19" (transfer in)

9.6.3. When there is a pending incentive

When submitting transfer transactions (RT 400) to the CESP system, both the transferring and receiving promoters must submit accurate amounts for all incentives being transferred. Information for a particular transfer can be submitted in a single transaction or in multiple transactions.

If there are pending incentive payments when the transfer is initiated, the transferring and receiving promoters must collaborate to ensure that complete and accurate information is submitted to the CESP system once these pending incentives have been paid.

The transferring promoter remains responsible for administering the pending incentives paid into the RESP in respect of a beneficiary until this information has been successfully submitted to the CESP system in a transfer transaction.

9.6.4. Processing transfer transactions

The CESP system generates and sends 2 types of transaction reports to the RESP promoters' head office at the end of each processing run (monthly). These reports are designed to verify the status of all the transfer transactions submitted to the CESP by RESP promoters and include:

- processed transfer transactions which report successfully processed transactions

- rejected transfer transactions which report transactions with errors that must be corrected

9.6.4.1. Processed transfer transactions

Processed transfer transactions are included in the transaction processing report. This acknowledges that the transaction has passed all formatting and business rules.

9.6.4.2. Rejected transfer transactions

Rejected transfer transactions are included in the transaction error report at the end of every monthly production run. This error report will include notice that validation has failed or information submitted is missing, incorrect, or incorrectly formatted. The rejected transaction must be corrected and resubmitted.

For more information about CESP system record types and error codes, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards.

9.7. An overview of the transfer process

The following represents an overview of the steps required to transfer RESP funds, along with related responsibilities.

To undertake the RESP transfer process:

1. the subscriber requests the RESP promoter to transfer RESP funds, identifying:

   - the amount to be transferred, and

   - the name of the receiving financial institution (receiving RESP promoter)

2. the transferring promoter confirms that an AIP has not been made from the RESP

Note: RESP property can't be transferred if an AIP has been made

3. the transferring promoter confirms the conditions for an "eligible" transfer of education savings incentives with the subscriber. For more information, refer to sections [9.3. Implications when transferring funds to another RESP](#) and [9.3.2. Transfer conditions for the education savings incentives](#)

4. if it is a partial transfer, the transferring promoter undertakes the calculations required to determine the proportion of the contributions, the earnings and/or the CESG to be transferred. For more information, refer to section [9.4.1. Partial transfers](#)

Note: The CLB and the BCTESG aren't included in this calculation to determine the proportion to be transferred. The subscriber will identify the amount of the CLB and the BCTESG to be transferred for each specific beneficiary, if any

5. the subscriber(s) and the RESP promoter gathers and/or provides the information necessary to transfer the funds and complete the RESP transfer form (HRSDC SDE 0100 Part A, Part B and Part C). For more information, refer to section [9.5. Transfer form](#).

6. the RESP promoters obtain all the required signatures on the transfer form. It is suggested that the form be completed and signed in duplicate

7. the RESP promoters retain the signed versions of the RESP transfer form and file according to the organization's record keeping procedures

8. the RESP promoters submit transfer transactions electronically to the CESP system:

   o transfer out transaction: RT 400-23

- transfer in transaction: RT 400-19

For more information, refer to section [9.6. Guidelines for successful transfers](#)

Generally, reporting periods extend from the first to the last day of the same month. The RESP promoter has 4 business days after the end of the reporting period to send files for processing by the CESP system. Any transactions which occurred after the last day of the reporting period can't be included

9. the CESP system accepts and processes transfer transactions from RESP promoters. For more information, refer to sections [9.6. Guidelines for successful transfers](#) and [9.6.4. Processing transfer transactions](#)

Chapter 10. Registered Education Savings Plan provider user guide – Post-secondary education and education assistance payment

From: **Employment and Social Development Canada**

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

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Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CBA

Canadian Banker's Association

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

EAP

Education assistance payment

ESDC

Employment and Social Development Canada

FMV

Fair market value

IDA

Investment Dealers Association

IFIC

Investment Funds Institute of Canada

ITA

Income Tax Act

ITS

Interface Transaction Standards

PSE

Post-secondary education

QESI

Quebec Education Savings Incentive

RT

Record type

RESP

Registered Education Savings Plan

RESPDAC

Registered Education Savings Plan Dealers Association of Canada

Introduction

An educational assistance payment (EAP) is a payment from a Registered Education Savings Plan (RESP) to an eligible beneficiary. Its purpose is to help cover expenses associated with post-secondary education. An EAP consists of educational incentive amounts paid into a RESP, as well as the

income earned on contributions and incentive amounts. The education savings incentives currently administered by Employment and Social Development Canada (ESDC) include:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

To be eligible for an EAP, the beneficiary must be enrolled in a qualifying educational program at a post-secondary educational institution.

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

10.1. Defining post-secondary education

When RESP beneficiaries are ready to attend post-secondary education, they may qualify for EAPs to help pay for related educational expenses.

To be eligible for an EAP:

- a beneficiary must be enrolled full-time or part-time (in-class or distance learning)

- in a qualifying educational program at a post-secondary educational institution

Qualifying "post-secondary educational programs" and "post-secondary educational institutions" are defined by the Canada Revenue Agency (CRA).

Post-secondary level, a qualifying educational program must be at the post-secondary level for EAP purposes. A post-secondary course usually provides credit towards a degree, diploma, or certificate.

10.1.1. Qualifying educational programs – Full-time studies

For EAP purposes, full-time studies (**qualifying educational programs**) require at least 10 hours of instruction or work each week for the duration of the program.

Instruction or work includes all forms of direct instruction, such as lectures, practical training, laboratory work, or time spent on research for a thesis.

The minimum course duration for full time studies depends on the type of program and whether the educational institution is in Canada. These different scenarios are shown in the table below.

Table 1: Minimum course duration for full-time studies

Type of educational institution	Location of educational institution	Minimum duration of a course (consecutive weeks)
Universities	In Canada	3 weeks
Universities	Outside of Canada	3 weeks
Other post-secondary educational institutions	In Canada	3 weeks
Other post-secondary educational institutions	Outside of Canada	13 weeks

10.1.2. Specified educational programs – Part-time studies

As of 2007, a payment may also qualify as an EAP at the time it is made:

- if the beneficiary is at least 16 years old, and

- is enrolled part-time as a student in a **specified educational program**

A specified educational program is a program at post-secondary school level that is:

- at least 3 consecutive weeks duration

- requires each student to spend no less than 12 hours per month on courses in the program

10.1.3. Distance learning

For EAP purposes, distance learning encompasses the use of technology and other delivery methods to provide off-site instruction and learning.

Beneficiaries taking distance education courses must meet the following 2 conditions to qualify for an EAP:

- be enrolled in either a **qualifying educational program** (full-time) or **specified educational program** (part-time)

- be enrolled as a student at a post-secondary institution (for more information, refer to 10.2. Post-secondary educational institutions)

For more information about programs, enrolment and study options, contact the CRA Individual income tax enquiries line at 1-800-959-8281.

10.2. Post-secondary educational institutions

A post-secondary educational institution for the purposes of an EAP can be one of the following:

- a university, college or other educational institution in Canada designated by a provincial authority under the *Canada Student Loans Act*

- a university, college or other educational institution in Canada designated by an appropriate authority under the *Canada Student Financial Assistance Act*

- a university, college or other educational institution in Canada designated by the province of Quebec under an act respecting financial assistance for education expenses

- an educational institution in Canada:

    o certified by the Minister of ESDC to be an educational institution providing courses (other than courses designed for university credit) that furnish a person with skills, or

    o improve a person's skills in a specific occupation

- a university, college, or other educational institutions outside Canada that provides courses at a post-secondary school level

It is the promoter's responsibility to examine all relevant authorities to verify if an educational institution is recognized for EAP purposes.

10.2.1. Educational institutions recognized for EAP purposes

An educational institution is recognized for EAP purposes if it is designated or certified. Designation is a provincial process whereby students from these educational institutions are eligible to receive Canada Student Loans. Certification is of federal authority and is designed to allow students, 16 years or older, to quality for a tuition tax credit.

10.2.1.1. Certification of post-secondary educational institutions

The Canada Education Savings Program (CESP) at ESDC certifies post-secondary institutions under the *Income Tax Act*:

- to provide students with certificates to claim education-related tax credits

To be certified, an educational institution must:

- be legally registered as a business and offer courses or training in Canada

- offer courses, other than courses designated for university credit, that allow a person to gain or improve the skills in a specific occupation, and

- be provincially licensed as a private vocational or trade school (or demonstrate that they are exempt)

Universities and colleges designated by the CESP and educational institutions already registered by a province or territory, except those in Quebec:

- do not need to be certified

These educational institutions are already eligible to issue tax credit certificates and are designated for the purpose of an EAP.

To verify if a particular educational institution in Canada is certified please consult the following web page: List of certified institutions.

Note: Educational institutions, whether public or private:

- do not need to be certified by ESDC if they have already been designated by a province for the purposes of student financial assistance

10.2.1.2. Designated post-secondary educational institutions

The CESP of ESDC maintains a Master List of designated educational institutions. The Master List of designated educational institutions has over 700 Canadian and International educational institutions.

For more information, consult the list of designated educational institutions on the following web page: List of designated educational institutions.

It is possible that some educational institutions that were formerly recognized for the purposes of the Canada Student Financial Assistance Program may:

- no longer be found on the Master List of designated educational institutions if borrowers have not recently attended these institutions

To confirm whether an educational institution is recognized:

- contact your provincial or territorial student financial aid authority on the following web page: [Provincial or territorial student financial aid authority](#)

For information regarding eligible post-secondary educational institutions in the province of Quebec, please contact Quebec's Loans and Bursaries Program at 1-877-643-3750. Another option is to consult the following Student Financial Assistance web page: [Loans and Bursaries Program](#).

The CRA individual income tax enquiry line can provide information regarding eligible educational institutions within Canada as well. Please contact one of the following numbers:

- 1-800-959-8281 (English)

- 1-800-959-7383 (French)

10.2.1.3. Educational institutions outside of Canada

Eligible educational institutions outside of Canada do not have to be recognized for EAP purposes.

For an EAP to be paid out, the educational institution must:

- provide courses at a post-secondary school level, and

- the beneficiary must have been enrolled in a course of not less than 13 consecutive weeks

After 2010, an EAP can be paid to a beneficiary:

- enrolled at a university outside Canada on a full-time basis in a course of not less than 3 consecutive weeks

10.3. Education assistance payment (EAP)

An EAP is a payment from an RESP to help an eligible beneficiary cover expenses associated with post-secondary education.

An EAP consists of amounts from available **notional accounts in the RESP**, including the accumulated income and any education savings incentives.

Provincial incentives are payments to an RESP through a **designated provincial program**. At this time, there are 2 designated provincial programs with the following provincial incentives:

- BCTESG

- Quebec Education Savings Incentive (QESI)

Please note that ESDC does not administer the QESI.

10.3.1. Sharing incentives and accumulated income in the plan

Specific rules govern the sharing of incentives and accumulated income. Depending on the type of incentive and the type of plan, as summarized in the table below.

Table 2: Sharing incentives and accumulated income in the plan

Incentive	Family plans: Share incentive?	Family plans: Share accumulated income?	Group plans: Share incentive and accumulated income?
Basic CESG	Yes, with cousins or siblings	Yes, with cousins or siblings	No
Additional CESG	Yes, with siblings only	Yes, with siblings only	No
CLB	No	Yes, with siblings only	No

BCTESG	Yes, with siblings only	Yes, with siblings only	No

The Additional CESG, the CLB and the BCTESG amounts can be paid only into individual plans or family plans in which all beneficiaries are siblings.

For more information, refer to the following relevant chapters:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

10.3.2. Income for the beneficiary

The beneficiary must claim the EAP as income. However, the beneficiary's situation will dictate whether taxes must be paid on this amount. The promoter issues a T4A slip for income tax purposes when EAPs are issued.

10.3.3. The promoter's responsibilities

The promoter's responsibilities include the following:

- confirm that the beneficiary qualifies for an EAP

- respect the limits associated with EAPs, including verifying with the subscriber if EAPs have been made with other promoters

- calculate the portion of EAP, which is attributable to each available notional account (accumulated income and incentives)

- make and verify the EAP

- when an EAP is made, the promoter must inform the beneficiary, in writing, of:

  - each incentive amount included in the EAP

- obligation to repay any portion of an EAP attributable to incentives to which the beneficiary is not entitled, and
  - any portion of an EAP attributable to the CESG that exceeds $7,200
- issue a T4A for tax purposes to the beneficiary

10.3.4. Confirm beneficiaries qualify for an EAP

Before making an EAP, the promoter is responsible for confirming that the beneficiary qualifies. To do so, they must obtain proof of enrolment at a post-secondary educational institution in one of the following programs:

- **qualifying educational program**, or
- **specified educational program**

For more information, refer to 10.1.1. Qualifying educational programs – Full-time studies and 10.1.2. Specified educational programs – Part-time studies.

For more information, refer to 10.5. Processing an EAP request, **6-month grace period**.

A promoter is not required to obtain receipts from a beneficiary as proof of expenses before making an EAP. The promoter determines whether the:

- EAP helps further the beneficiary's education
- it is reasonable
- the payment complies with the requirements of the *Income Tax Act* (ITA), and
- the terms of the plan

On August 12, 2008, a yearly EAP threshold of $20,000, indexed annually based on the Consumer Price Index was established by the CRA to:

- assist promoters in determining the reasonableness of an EAP request

The CRA will not question legitimate EAP requests below the established annual EAP threshold. Nor will the promoters be expected to assess the reasonableness of each expense item, as long as the conditions permitting an EAP are met.

For more information on annual EAP thresholds, refer to the following CRA web page: RESP Bulletin No. 1R3.

The Association of Registrars of the Universities and Colleges of Canada (ARUCC) provides access to the approved Verification of Enrolment Form. The form may be used by Canadian universities and colleges to provide their students with the verification of enrolment information needed when requesting an EAP.

The RESP Verification of Enrolment Form was approved for use by:

- ESDC

- CRA

- Canadian Bankers Association (CBA)

- Investment Dealers Association (IDA)

- Investment Funds Institute of Canada (IFIC), and

- Registered Education Savings Plan Dealers Association of Canada (RESPDAC)

The Registered Education Savings Plan Verification of Enrolment Form can be found on the ARUCC web page.

10.4. EAP limits

An EAP must be used to pay actual post-secondary educational expenses. There are specific limits on the amount of EAPs a beneficiary can receive.

These limits depend on post-secondary enrolment criteria and on whether the RESP was open before or after 1998. For example, how long the beneficiary has been enrolled.

10.4.1. Full-time studies – $8,000 EAP limit for first 13 weeks

Plans entered into after 1998

During the first 13 weeks of enrolment in full time studies, the maximum amount of EAPs that can be made to a beneficiary is normally the lesser of:

- $8,000

- the total allowable expenses

For more information, refer to [10.5.1. Special requests for EAPs in excess of the $8,000 or $4,000 limits](#).

After completing 13 consecutive weeks of full-time studies in a qualifying educational program:

- the maximum amount of EAPs that can be made to a beneficiary is the total allowable expenses, provided that the beneficiary continues to be eligible for such payments

For more information, refer to [10.3.4. Confirm beneficiaries qualify for an EAP](#).

If there is a 12-month period during which the beneficiary is not enrolled in a qualifying educational program for 13 consecutive weeks:

- the $8,000 limit will once again apply

Note: Contributions withdrawn by the subscriber while a beneficiary qualifies for EAPs are not included in this $8,000 limit.

The total amount of EAPs made to the individual under the RESP (and other RESPs of the same promoter) in the first 13 consecutive weeks of enrolment:

- cannot exceed the limit of $8,000

Therefore, if a beneficiary has multiple RESPs with a single promoter, the $8,000 limit applies across all plans held with that promoter. However, the limit does not apply across plans held by different promoters.

Example, a beneficiary has been enrolled for the past 2 years as a full-time student in a post-secondary education program that qualifies for an EAP:

- in September of their first academic year:

  - the beneficiary could only receive a maximum amount of $8,000 in EAPs because they were not enrolled in the previous 12 months

- in September of the beneficiaries' second consecutive academic year:

  - the $8,000 limit no longer applies because they were enrolled for at least 13 consecutive weeks in the previous 12-month period

10.4.2. Part-time studies – $4,000 EAP limit for the 13 weeks preceding payment

For the 13-week period of enrolment in part-time studies preceding the payment of an EAP, the maximum amount of EAP that can be paid to a beneficiary is the lesser of:

- $4,000

- total of all allowable expenses

For more information, refer to [10.5.1. Special requests for EAPs in excess of the $8,000 or $4,000 limits](#).

  Note: Contributions withdrawn by the subscriber while a beneficiary qualifies for EAPs are not included in this $4,000 limit.

The total amount of EAPs made to the individual under the RESP (and other RESPs of the same promoter) in the preceding 13-week period cannot exceed the limit of $4,000. Therefore, if a beneficiary has multiple RESPs with a single promoter, the $4,000 limit applies across all plans held with that

promoter. However, the limit does not apply across plans held by different promoters.

10.4.2.1. Example 1

A 17-year-old beneficiary has an individual (non-family) plan. They are enrolled in a part-time post-secondary program for a total of 26 weeks which involves 16 hours of courses per month. The beneficiary satisfies the required conditions for a **specified educational program** because:

- the beneficiary is at least 16 years old

- the beneficiary is studying at a post-secondary level

- the program is not less than three consecutive weeks

- there are no less than 12 hours of courses per month

The actual educational expense for the program is $6,000. The subscriber would like to request the following EAP payments for the beneficiary on the dates shown in table 3.

Table 3: Example 1: EAP requests for part-time studies

Date	September 10	October 22	December 17	February 4	March 10
EAP requested	$1,000	$200	$1,300	$1,200	$3,000
Approve EAP request?	Yes	Yes	Yes	Yes	No

Promoters must assess each EAP request individually to determine whether it exceeds the $4,000 limit for part-time studies:

- **September 10**: The request for $1,000 on September 10 is approved, because it does not exceed the $4,000 limit (there were no previous EAP requests)

- **October 22**: The request for $200 on October 22 is approved, because only 2 EAP requests are within a 13-week period and their sum ($1,000 + $200 = $1,200) does not exceed $4,000

- **December 17**: The request for $1,300 on December 17 is approved, because only 2 EAP requests are within a 13-week period and their sum ($1,300 + $200 = $1,500) does not exceed $4,000

- **February 4**: The request for $1,200 on February 4 is approved, because only 2 EAP requests are within a 13-week period and their sum ($1,300 + $1,200 = $2,500) does not exceed $4,000

- **March 10**: The request for $3,000 on March 10 is refused, because there would be 3 EAP requests within that 13-week period and their sum ($1,300 + $1,200 + $3,000 = $5,500) would exceed the $4,000 limit

Note: Beneficiaries can request EAPs greater than $4,000. For more information, refer to 10.5.1. Special requests for EAPs in excess of the $8,000 or $4,000 limits.

10.4.2.2. Example 2

An eligible beneficiary is enrolled in a 26-week program of part-time studies costing $7,000. The subscriber requests an EAP payment of $2,000 in week 1 and is paid this amount because it does not exceed $4,000. In week 15 the beneficiary is eligible for another EAP payment of $4,000. However, the subscriber would like to request the balance of the tuition which is $5,000. As this would exceed the $4,000 limit for part-time studies, the subscriber could request an EAP amount of $4,000 and if there are contributions in the RESP, ask for the remaining $1,000 in a PSE contribution withdrawal. An alternative would be to make a request to the Minister to receive an EAP for the full amount of $5,000. For more information, refer to 10.5.1. Special requests for EAPs in excess of the $8,000 or $4,000 limits.

10.4.3. EAP limits for RESPs opened before 1998

Different EAP rules may apply to RESPs opened before 1998, which were not amended to comply with the ITA amendments on January 1, 1999.

These RESPs existed before the CESG was introduced and are considered to be "grandfathered". Rules applying to "grandfathered" RESPs entered into before 1998 may include the following:

- some plans may permit EAPs for part-time studies, without any restrictions

- for some plans, there is no limit on the amount of the EAP during the first 13 weeks of a qualifying post-secondary educational program

For more information, contact the CRA Registered Plans Directorate at 1-800-267-3100.

10.5. Processing an EAP request

The promoter is responsible for verifying **each EAP** request to ensure that the beneficiary is eligible for the EAP. The process for obtaining and approving each EAP request is as follows:

1. the beneficiary must be enrolled as a student in a qualifying program at a designated post-secondary educational institution

2. the subscriber contacts the promoter and requests the EAP

3. the promoter verifies whether the beneficiary is enrolled as a student in a qualifying program in a designated post-secondary educational institution recognized by the CRA

   For more information, refer to 10.1. Defining post-secondary education and 10.2. Post-secondary educational institutions

4. verifies whether the amount requested covers valid educational expenses which will help the beneficiary further their education

The promoter may have established guidelines or policies with respect to acceptable educational expenditures

5. verifies how long the beneficiary was enrolled as a student to determine if any limits will be applied to the EAP request. Verifies with the subscriber whether EAPs have been withdrawn from other promoters. For more information, refer to 10.4. EAP limits.

If there is a 12-month period when the beneficiary was not enrolled in a qualifying educational program, the $8,000 limit will apply once again

6. calculates the EAP

When an EAP is requested, there are specific rules that determine how the EAP is calculated. These rules are necessary to track payments from the RESP, in case repayment of all or a portion of the incentive account is required. For more information, refer to section 10.6. Calculating the EAP

7. informs the beneficiary, in writing, of:

   - each incentive amount included in the EAP, and

   - their obligation to repay any amounts for which they are not entitled, including:

     - any CESG amount exceeding the $7,200, and

     - any portion of an EAP attributable to Incentives to which the beneficiary is not entitled

8. the subscriber may request a post-secondary education (PSE) contribution withdrawal without any penalty if desired

The subscriber can keep their contributions or give them to the beneficiary.

There is a 6-month grace period for requesting an EAP, which allows for more flexibility for a beneficiary to access RESP savings. A beneficiary is eligible to receive an EAP for up to 6 months after ceasing to be enrolled in a

qualifying program, provided that the beneficiary would have qualified while still enrolled.

10.5.1. Special requests for EAPs in excess of the $8,000 or $4,000 limits

Note: Contributions are not included as part of an EAP.

The Minister of ESDC may approve an EAP over the limit of $8,000 or $4,000, in response to a written request if:

- the promoter concludes that an EAP of over $8,000 during the first 13-weeks of studies is required, or

- the promoter concludes that an EAP of over $4,000 is required for a specific 13-week period

The promoter must follow this procedure:

1. obtain the form: **Request for an Educational Assistance Payment (EAP) for over $8,000 for full-time studies or over $4,000 for part-time studies from a Registered Education Savings Plan (RESP)**

2. request the beneficiary to complete and sign the form

How to obtain the form: the above form and related guidelines can be forwarded to the promoters upon request. Requests can be made by:

- telephone: **1-888-276-3624**

- email: cesp–pcee@hrsdc–rhdcc.gc.ca

3. sign the form as a representative of the promoter

4. **mail** the completed form to:

Canada Education Savings Program, ESDC
Phase IV, Bag 4
140 Promenade du Portage
Gatineau QC K1A 0J9

Note: For the protection of personal information, this information should not be submitted by email and will not be responded to.

The CESP will assess each request on a case-by-case basis and notify the promoter of the decision once it has been made.

10.6. Calculating the EAP

An EAP includes a portion of each of the following RESP notional accounts if they are available to the beneficiary receiving the EAP:

- accumulated income

- the CESG

- the CLB

- provincial incentives (accounts maintained for each designated provincial program)

Provincial incentives: **a promoter** must be able to track transactions associated with each of the **designated provincial programs** that the promoter delivers to the public.

For example:

- promoters delivering the BCTESG will have RESP notional accounts to track all activities associated with the BCTESG

- promoters delivering the QESI will have RESP notional accounts to track all activities associated with the QESI

RESP contributions are the subscriber's property. Contributions withdrawn when a beneficiary is eligible for an EAP (post-secondary education contribution withdrawals) are not included in EAP amounts.

Notional accounts of an RESP:

- used for educational assistance payments:

- accumulated income

  - CESG (Basic and Additional)

  - CLB (per beneficiary)

  - provincial incentives (per designated provincial program)

- subscriber's property:

  - assisted contributions

  - unassisted contributions

10.6.1. The EAP calculation process

The EAP formulas determine how much to withdraw from each notional account of an RESP when a subscriber requests an EAP. These formulas result in the same proportion being taken from each RESP notional account available to the beneficiary receiving an EAP.

The promoter takes the following steps to calculate an EAP:

1. determine amounts available to the beneficiary

2. calculate the portions of an EAP from each notional account available by using the different EAP formulas

The EAP formulas used in this chapter are the ones that came into force on September 1, 2019.

For more information about the EAP formulas, refer to the *Canada Education Savings Regulations*.

RESP notional accounts are the book value of a RESP, which may not reflect the actual value of the asset in the plan.

Previous EAP formulas – Before September 1, 2019.

If an EAP with a transaction date prior to September 1, 2019 is:

- reversed on or after that date, and

- a recalculation is necessary for this EAP

The promoter is required to use the previous formulas to recalculate this EAP.

The promoter uses the previous formulas to calculate EAP portions attributable to each incentive amount available in a RESP. Note that these formulas differ if there has been a loss in the plan (no accumulated income).

Table 4: Formulas for calculating portions of an EAP attributable to incentives

Incentive	RESP with earnings	RESP with no earnings
CESG	$(A \times F) / (C - D - E)$	$(A \times F) / (B + F + G)$
CLB	$(A \times B) / (C - D - E)$	$(A \times B) / (B + F + G)$
BCTESG	$(A \times K) / (C - D - E)$	$(A \times K) / (B + F + G)$
Other provincial incentives	$(A \times Y) / (C - D - E)$	$(A \times Y) / (B + F + G)$

Where:

- **A** is the amount of the EAP

- **B** is the balance in the beneficiary's CLB account of the RESP immediately before the EAP is made

- **C** is the fair market value (FMV) of the property held in connection with the RESP, determined immediately before the EAP is made

- **D** is the total of all contributions made to the RESP before the EAP is made that have not been withdrawn

- **E** is the total of all CLB accounts of the other beneficiaries under the RESP immediately before the EAP is made

- **F** is the balance in the CESG account of the RESP immediately before the EAP is made

- **G** is the total of all amounts paid into the RESP under a designated provincial program. In other words, it is the total of all provincial incentive account balances in the RESP immediately before the EAP is made

- **K** is the balance in the BCTESG account of the RESP immediately before the EAP is made

- **Y** is the balance in another provincial incentive account of the RESP immediately before the EAP is made

10.6.1.1. Determine the total amount available to the beneficiary for an EAP

As there is only one beneficiary in an individual plan, accumulated income and all incentive amounts in the plan are available for an EAP. However, in certain situations, some education savings incentives cannot be paid in an EAP.

In a family plan

The following amounts could be available for a single beneficiary receiving an EAP from the plan even if the amounts were first paid in the name of another beneficiary (except the CLB):

- the accumulated income

- all CESG amounts (includes Basic and Additional CESG) if the beneficiary received less than $7,200 in previous EAPs

- all BCTESG amounts

- only the CLB account balance for the beneficiary receiving the EAP

Sharing of other provincial incentives in a family plan, the sharing of a provincial incentive may or may not apply to other designated provincial programs. Consult the provincial authority.

Residency requirements for an EAP, the CRA determines residency status for tax purposes. Beneficiaries can study outside of Canada and still be considered by the CRA as residents of Canada. For more information, contact the CRA at 1-800-959-8281 (English) or 1-800-959-7383 (French).

Promoters must consider a beneficiary's residency status to determine whether or not an RESP notional account is available for an EAP.

- **Accumulated income:** If a beneficiary is enrolled in a qualifying program, accumulated income may be included in an EAP even if the beneficiary is not a resident of Canada when the EAP is made. Consult the CRA for more information

- **CESG:** To receive the CESG in an EAP, the beneficiary must be a resident of Canada when the EAP is made

- **CLB:** To receive the CLB in an EAP, the beneficiary must be a resident of Canada when the EAP is made

- **BCTESG:** If a beneficiary is enrolled in a qualifying program. The BCTESG may be included in an EAP payment, even if the beneficiary is not a resident of Canada when the EAP is made

- **Other provincial incentives:** Consult the provincial authority for EAP residency criteria

10.6.1.2. Calculate the portion of an EAP to withdraw from each available notional account

As of September 1, 2019, the promoter must use the following formulas to:

- calculate EAP portions attributable to each notional account of incentives and the accumulated income available for a beneficiary in an RESP

Table 5: Calculate the portion of an EAP to withdraw from each available notional account

Incentive	Formula
CLB	A × B / C
CESG	The CESG formula is equal to the lesser of (A) and (B) where: (A) The result of the CESG formula A × D / C (B) $7,200—total amount of the CESG already received in previous EAP for the same beneficiary
Accumulated income	A × E / C
BCTESG	A × F / C

Where:

- **A** is the amount of the EAP

- **B** is the balance of the beneficiary's CLB account immediately before the payment of the EAP

- **C** is the total amount available to the beneficiary for an EAP

- **D** is the balance in the CESG account immediately before the payment of the EAP

- **E** is the amount of the accumulated income in the RESP immediately before the payment of the EAP

- **F** is the balance in the BCTESG account immediately before the payment of the EAP

Formulas for other provincial incentives, for formulas for provincial incentives not administered by ESDC, please refer to the province in question for additional information.

10.6.2. Example: Family plan with no prior EAP

The following example is used to demonstrate how to calculate EAP payments. A beneficiary part of a family plan is not a resident of Canada at the time of the first EAP request of $4,355.

Accumulated income: $3,245.

BCTESG: $2,400.

Beneficiary's CLB: $1,400.

CESG: $5,300.

Fair market value: $13,420.

10.6.2.1. Determine the total amount available to the beneficiary for an EAP (C)

There are 2 amounts in the EAP formulas that never change in the same series of calculation. These 2 amounts are **A** and **C**.

A is the amount of the EAP requested ($4,355).

C is the total amount available to the beneficiary for an EAP.

In this example, **C** is equal to the sum of the amount of the following notional accounts:

- the accumulated income ($3,245)
- the BCTESG ($2,400)

Therefore, **C** is equal to $5,645.

Since the beneficiary is not a resident of Canada at the time of the EAP is made:

- the other notional accounts are not available to the beneficiary for an EAP

When using the formulas for this example, **A** will always be $4,355 and **C** will always be $5,645.

10.6.2.2. Calculate the portion of the EAP attributable to the accumulated income

A and **C** have been determined, the incentives and the accumulated income portions can be calculated, beginning with the accumulated income.

The accumulated income calculation formula is A × E / C.

Where E is the amount of accumulated income in the account immediately before the payment of the EAP.

Therefore: **A** ($4,355) × **E** ($3,245) / **C** ($5,645).

The formula result is $2,503.45, which is the portion of the EAP that will be withdrawn from the accumulated income notional account.

10.6.2.3. Calculate the portion of the EAP attributable to the BCTESG

The BCTESG calculation formula is A × F / C.

Where **F** is the balance in the BCTESG account immediately before the payment of the EAP.

Therefore: **A** ($4,355) × **F** ($2,400) / **C** ($5,645).

The formula result is 1,851.55, which is the portion of the EAP that will be withdrawn from the BCTESG notional account.

10.6.2.4. EAP total

In this scenario, when adding together the portions of the accumulated income ($2,503.45) and the BCTESG ($1,851.55), the result equals $4,355. This is equivalent to the amount of EAP requested.

10.6.3. Example: Family plan with more than one EAP requested

A subscriber requests an EAP of $985 (A) for a beneficiary who is a resident of Canada and is part of a family plan. The subscriber informs the promoter that the beneficiary already received a total of $6,800 in CESG from prior EAPs.

Accumulated income: $1,320.

BCTESG: $600.

Beneficiary's CLB: $350.

CESG: $5,800.

Fair market value: $8,070.

10.6.3.1. Determine the total amount available to the beneficiary for an EAP (C)

C equals the total amount of the combined notional accounts available to the beneficiary for an EAP.

In this example, **C** is equal to the sum of the amounts of the following notional accounts:

- the accumulated income ($1,320)
- the BCTESG ($600)
- the beneficiary's CLB ($350)
- the CESG ($5,800)

Therefore, **C** equals $8,070.

10.6.3.2. Calculate the portion of the EAP attributable to the CLB

A and **C** have been determined, **A** ($985) and **C** ($8,070). The next step is to calculate the portion attributable to each incentive and the accumulated income.

The CLB calculation formula is A × B / C.

Where **B** is the balance in the beneficiary's CLB account immediately before the payment of the EAP.

Therefore: **A** ($985) × **B** ($350) / **C** ($8,070).

The formula result is $47.72, which is the portion of the EAP that will be withdrawn from the beneficiary's CLB notional account.

10.6.3.3. Calculate the portion of the EAP attributable to the CESG

The CESG calculation is equal to the lesser of (A) and (B) where:

- **A** is the CESG EAP formula result, and

- **B** is the difference between the $7,200 CESG EAP limit and the CESG amount already received in previous EAP

(A) The CESG EAP formula is A × D / C.

Where **D** is the balance in the CESG account immediately before the payment of the EAP.

Therefore: **A** ($985) × **D** ($5,800) / **C** ($8,070).

The formula result of "A" is $707.93.

(B) $7,200 less the total amount of CESG already received in previous EAPs for the same beneficiary.

Therefore: $7,200 − $6,800 = $400.

The result of "B" is $400.

In this case, the lesser of the two is the result of "B" ($400). This is therefore the portion of the EAP that will be withdrawn from the CESG notional account.

10.6.3.4. Calculate the portion of the EAP attributable to the accumulated income

The accumulated income formula is A × E / C.

Where **E** is the amount of the accumulated income account immediately before the payment of the EAP.

Therefore: **A** ($985) × **E** ($1,320) / **C** ($8,070).

The formula result is $161.12, which is the portion of the EAP that will be withdrawn from the accumulated income notional account.

10.6.3.5. Calculate the portion of the EAP attributable to the BCTESG

The BCTESG formula is A × F / C.

Where **F** is the balance in the BCTESG account immediately before the payment of the EAP.

Therefore: **A** ($985) × **F** ($600) / **C** ($8,070).

The formula result is $73.23, which is the portion of the EAP that will be withdrawn from the BCTESG notional account.

10.6.3.6. Partial EAP total

In this scenario, when adding together the portions of the EAP attributable to:

- the CLB ($42.72), the CESG ($400), the accumulated income ($161.12) and the BCTESG ($73.23)

The result equals $677.07. However, the subscriber requested $985.

To fill the gap between the EAP amount requested ($985) and the EAP partial result ($677.07):

- the promoter will need to calculate the difference between the 2 amounts ($985 – $677.07)

The promoter must use this result as variable **A** in a second series of calculation to collect a second portion of each remaining notional accounts available for EAP. The new variable **A** is $307.93.

The promoter should also subtract the portions already withdrawn from each notional account during the first series of calculation before beginning the second series of calculation.

Accumulated income: $1,320 – $161.12 = $1,158.88.

BCTESG: $600 – $73.23 = $526.77.

Beneficiary's CLB: $350 – $42.72 = $307.28.

CESG: $5,800 – $400 = $5,400.

Fair market value: $8,070 – $677.07 = $7,392.93.

10.6.3.7. Calculate the new total amount available to the beneficiary for an EAP (C)

C for the second series of calculation is equal to the sum of the following updated notional accounts:

- the accumulated income ($1,158.88)

- the BCTESG ($526.77)

- the beneficiary's CLB ($307.28), and

- the CESG if the beneficiary received less than $7,200 in previous EAPs ($0)

In the first round of calculations, the beneficiary reached the $7,200 limit in CESG. For that reason, the CESG amount available for the second round of calculation will be $0.

Therefore, the new amount of **C** will be $1,992.93.

10.6.3.8. Calculate the portion of the EAP attributable to the CLB

The new values **A** and **C** have been determined, **A** ($307.93) and the new value of **C** ($1,992.93). The next step is to calculate the portions attributable to each incentive and accumulated income available for an EAP.

The CLB calculation formula is A × B / C.

Where **B** is the balance in the beneficiary's CLB account immediately before the payment of the EAP.

Therefore, the amounts for each are: **A** ($307.93) × **B** ($307.28) / **C** ($1,992.93).

The formula result is $47.48, which is the second portion of the EAP that will be withdrawn from the beneficiary's CLB notional account.

10.6.3.9. Calculate the portion of the EAP attributable to the accumulated income

The accumulated income calculation formula is A × E / C.

Where **E** is the amount in the accumulated income account immediately before the payment of the EAP.

Therefore, the amounts for each are: **A** ($307.93) × **E** ($1,158.88) / **C** ($1,992.93).

The formula result is $179.06, which is the second portion of the EAP that will be withdrawn from the accumulated income notional account.

10.6.3.10. Calculate the portion of the EAP attributable to the BCTESG

The BCTESG calculation formula is A × F / C.

Where **F** is the balance in the BCTESG account immediately before the payment of the EAP.

Therefore, the amounts for each are: **A** ($307.93) × **F** ($526.77) / **C** ($1,992.93).

The formula result is $81.39, which is the second portion of the EAP that will be withdrawn from the BCTESG notional account.

10.6.3.11. Second partial EAP total

Table 6: Second partial EAP total

EAP calculation	Accumulated income	BCTESG	Beneficiary's CLB	CESG
1st series of the calculation	$161.12	$73.23	$42.72	$400
2nd series of the calculation	$179.06	$81.39	$47.48	$0
Total	$340.18	$154.62	$90.20	$400

The second partial EAP total is equal to the sum of the second portions attributable of the beneficiary's:

- CLB ($47.48), the accumulated income ($179.06), the BCTESG ($81.29) totalling $307.93

10.6.3.12. Final EAP total

The final EAP total is equal to the sum of the first and the second series of partial EAP total.

The result should equal the EAP amount requested.

When adding the amounts from the first set of calculations ($677.07) to the second set of calculation ($307.93), the result is $985. This is equivalent to the initial EAP amount requested.

10.6.4. Example: Individual plan with losses

A beneficiary is named in one individual RESP and is a resident of Canada at the time the EAP is made. The subscriber requests an EAP of $1,600. The RESP only contains the BCTESG and the CLB since a contribution withdrawal caused a repayment of the CESG.

Accumulated income: $0.

BCTESG: $880.

Beneficiary's CLB: $450.

CESG: $0.

Fair market value: $970.

In this scenario, the total book value of the combined notional accounts of the BCTESG ($880) and the CLB ($450) is equal to $1,330.

However, the current fair market value of the plan is $970. Which means there are investment losses in the plan, as the fair market value is less than the book value.

All losses are first attributed to accumulated income, followed by contributions. When losses have been depleted, the accumulated income and contribution notional accounts to nil, any remaining losses are considered to be attributed proportionally to the incentives.

It is important to understand that losses from investment products are not actually deducted from the RESP notional accounts when EAP calculations are made. Notional account values are updated only when these amounts are withdrawn or repaid. For this reason, when calculating an EAP with losses in the plan, promoters must:

- use the balance of the incentive amount received to date less any amount withdrawn or repaid, rather than using the residual amount with losses included

In addition, an EAP cannot be paid if the EAP amount is greater than the fair market value of the plan.

In this example, the subscriber cannot request an EAP amount greater than $970, which is the current fair market value of the plan.

10.6.4.1. Identify the total amount available to the beneficiary for an EAP (C)

The first step of the calculations is to determine the EAP amount available to the beneficiary (**C**).

In this example, **C** is equal to the sum of the amounts in the notional accounts of the BCTESG and of the beneficiary's CLB.

Therefore, **C** equals $1,330.

10.6.4.2. Calculate the portion of the EAP attributable to the CLB

A and **C** have been determined, the values of A ($970) and variable C ($1,330). The next step is to calculate the portion attributable of each incentive.

The CLB calculation formula is A × B / C.

Therefore, the amounts for each are: **A** ($970) × **B** ($450) / **C** ($1,330).

Where **B** is the balance in the beneficiary's CLB account immediately before the payment of the EAP.

The formula result is $328.20, which is the portion of the EAP that will be withdrawn from the beneficiary's CLB notional account.

10.6.4.3. Calculate the portion of the EAP attributable to the BCTESG

The BCTESG calculation formula is A × F / C.

Where **F** is the balance in the BCTESG account immediately before the payment of the EAP.

Therefore, the amounts for each are: **A** ($970) × **F** ($880) / **C** ($1,330).

The formula result is $641.80, which is the proportion of the EAP that will be withdrawn from the BCTESG notional account.

10.6.4.3. EAP total

When adding together the portions of the EAP attributable to the CLB ($328.20) and the BCTESG ($642.80), the sum is equal to $970. This is equivalent to the amount of EAP requested.

The fair market value of the plan is now at $0.

10.7. EAP values reported to the CESP system

When promoters process an EAP for a beneficiary, they must report the corresponding information electronically to the CESP system (transaction 400-13).

Requirements for these EAP transactions are specified in the CESP Interface Transaction Standards. This document can be downloaded from the **Systems documentation** tab of the [Resources for RESP promoters](#) web page.

Following amounts, if applicable, are included with various information that must be submitted in EAP transactions:

- EAP Amount (the total amount of the EAP, including accumulated income, the CESG, the CLB and the BCTESG)

- EAP CESG amount

- EAP CLB amount

- EAP BCTESG amount

ESDC does not administer the QESI. Therefore, promoters are not required to report specific QESI amounts in EAP transactions submitted to the CESP

system. However, if there are QESI amounts in an EAP, they must be included in the total EAP amount reported to the CESP system.

Reporting other QESI data to the CESP system:

- promoters must include all assets in RESPs when reporting the FMV of an RESP in their monthly summary reports (record type (RT) 700)

As such, the FMV amount should include saving incentives from all sources present in the RESP, including the QESI if applicable.

Chapter 11. Registered Education Savings Plan provider user guide – Options for assets remaining in the Registered Education Savings Plan

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

Alternate formats

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

CDSP

Canada Disability Savings Program

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

EAP

Educational assistance payment

ESDC

Employment and Social Development Canada

ITA

Income Tax Act

RESP

Registered Education Savings Plan

Introduction

An educational assistance payment (EAP) is a payment from a Registered Education Savings Plan (RESP) to help an eligible beneficiary cover expenses associated with post-secondary education.

An EAP consists of educational incentive amounts paid into an RESP and the accumulated income. The education savings incentives administered by Employment and Social Development Canada (ESDC) include:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

Under certain circumstances, subscribers may need to make decisions about handling assets that may remain in the RESP after the beneficiary has:

- completed their education, or

- if the beneficiary chooses not to attend, or

- complete post-secondary education

This chapter helps the RESP promoter in describing options available to the subscriber for handling the RESP assets including earnings that may remain in the plan.

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

11.1. When assets remain in the RESP

If the beneficiary has completed post-secondary education, or has decided not to attend or complete post-secondary education, the plan may still hold contributions, earnings, and perhaps even the incentives paid into the plan by ESDC.

The RESP promoter can help the subscriber in choosing the most appropriate option for handling these remaining amounts, based on the subscriber's circumstances.

Certain options may affect the incentives in the plan and result in the obligation to repay the CESG, the CLB and the BCTESG. Refer to the information about repaying the incentives in the following related chapters:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

11.1.1. Options for handling assets remaining in the RESP

The subscriber may choose 1 of the following options for distributing the assets that may remain in the RESP:

- **leave the money in the RESP** until the subscriber closes the plan

The subscriber must close the RESP by the end of the 35th year (40th year in the case of a specified plan) after the year the subscriber opened the plan.

- **replace the beneficiary** if permitted under the terms and conditions of the plan

The replacement beneficiary must meet the sibling only requirement associated with the Additional CESG, the CLB and the BCTESG. If the replacement beneficiary is not a sibling of the other RESP beneficiaries, the promoter as agent of the trustee must repay these incentives.

- **transfer the assets to another RESP** if permitted under the terms and conditions of the plan

The transfer of incentives must follow conditions stipulated by:

- the *Income Tax Act* (ITA)

- the *Canada Education Savings Regulations*

- provincial regulations, and

- agreements with the Government of British Columbia (about the BCTESG)

  Failure to follow these conditions may require the repayment of incentives. For more information, refer to [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#)

- **close the plan** and select the desired option for distributing the earnings

When the subscriber closes the plan, the promoter as agent of the trustee repays the incentives to ESDC, returns the contributions to the subscriber and offers assistance for choosing the best option for the earnings.

11.2. Distributing earnings if closing the RESP

Once the subscriber decides to close an RESP (whether by choice or because the plan has reached the end of its term), the subscriber has the following options for distributing any earnings that may remain in the RESP:

- request an accumulated income payment (AIP) from the RESP

- request a rollover of the AIP from an RESP to a registered disability savings plan (RDSP)

- request a transfer of the AIP from an RESP to a registered retirement savings plan (RRSP)

- request a payment to a designated educational institution in Canada

Contributions to RESPs are not deductible from the subscriber's income. The promoter can return the contributions to the subscriber at any time without tax consequences, according to the terms of the RESP contract.

Regardless of the option selected, the promoter as agent of the trustee must repay any incentives remaining in the RESP. For more information about repaying the CESG, the CLB or the BCTESG, refer to the following appropriate chapters:

- Chapter 5. The Canada Education Savings Grant

- Chapter 6. The Canada Learning Bond

- Chapter 7. British Columbia Training and Education Savings Grant

11.3. Accumulated income payments

An AIP is a distribution of earnings from the RESP made to the subscriber. The AIP may include earnings on contributions and incentives, but it excludes the contributions and incentives.

The promoter must make an AIP to or for a single subscriber at a time for income tax purposes. For example, the promoter cannot make an AIP to a husband and wife as a single **joint** payment. However, the promoter could make separate AIPs from the same RESP to a subscriber and to a joint subscriber.

An AIP is **not**:

- a repayment of contributions to the subscriber

- an EAP made to the beneficiary

- a repayment of the CESG, the CLB or the BCTESG

- a payment to a designated educational institution in Canada

- a transfer to another eligible RESP

AIPs are taxable. For more information about related tax implications:

- consult the guide [RC4092](#)

AIPs and transfers, the promoter cannot make a transfer to another RESP if the promoter made an AIP from the transferring RESP.

If a subscriber requests a transfer of funds to another RESP after the promoter made an AIP, the receiving RESP promoter rejects the transfer.

11.3.1. Conditions for an AIP

The promoter may make an AIP if:

- the subscriber is a resident of Canada, and

- the promoter makes a payment to 1 subscriber of the plan, and

- the plan has been open for 10 years and each individual who is or was a beneficiary is over 21 years of age and not eligible for an EAP

Or:

- the plan is being closed by the end of the 35th year (40th year in the case of a specified plan) after the year the plan was opened

Or:

- all beneficiaries have died

Canada Revenue Agency (CRA) may waive the conditions requiring that the plan exist for 10 years, and that each beneficiary be at least 21 years of age and ineligible to receive an EAP. For more information, contact the Registered Plans Directorate, CRA at 1-800-267-3100.

11.3.2. When the promoter makes an AIP from an RESP

When the promoter makes an AIP from the RESP, the promoter must:

- repay contributions to the subscriber without tax implications

- as agent of the trustee repay the remaining of the CESG, the CLB and the BCTESG

- close the RESP by the end of February of the year after the year in which the first AIP is paid

Promoters usually have to withhold regular and additional taxes on AIPs. For more information about related tax implications, consult the guide [RC4092](#).

   Note: The subscriber must report the AIP as taxable income.

11.3.2.1. The promoter must repay the remaining incentives in the RESP

If the promoter made an AIP from an RESP, the promoter as agent of the trustee must repay the remaining CESG, CLB and BCTESG.

The promoter must repay the lesser of the following 2 amounts:

- the balance in the CESG, CLB and BCTESG account(s) at the time of the AIP, or

- the amount determined by the formula

(C × Y) / (Y + G)

Where:

- **C** is the fair market value of the assets in the RESP immediately before the AIP

- **Y** is the total balance in the CESG account and all CLB accounts immediately before the AIP

- **G** is the total balance of provincial incentives in the RESP immediately before the AIP

11.3.2.2. The promoter must close the RESP

When the promoter makes an AIP from an RESP, the promoter must close the RESP by the last day of February following the year in which the first AIP is made.

11.4. Rollover of the AIP from an RESP to an RDSP

To provide greater flexibility to beneficiaries with disabilities, it may be possible to roll over the AIP from an RESP into an RDSP without incurring taxes, if certain conditions are met.

The subscriber of an RESP and the holder of an RDSP may agree to rollover the AIP amount from the RESP to the RDSP if, at the time of the rollover, the beneficiary of the RESP is also the beneficiary of the RDSP.

11.4.1. RESP – RDSP rollover conditions

The following conditions determine if a rollover of AIP from an RESP to an RDSP is permitted:

- both RESP and RDSP are established for the same beneficiary
- both RESP and RDSP specimen plans must be approved by the Registered Plans Directorate, CRA:
    - the RDSP specimen plan must allow RESP rollovers
    - the RESP specimen plan must allow AIPs and follow the *Income Tax Act*, paragraph 146.1 (2) (i.1)

11.4.1.1. RDSP conditions

The financial institution administering the RDSP can accept an education savings rollover if the beneficiary is:

- eligible for the disability tax credit (DTC)
- 59 years of age or less at the end of the calendar year
- a resident in Canada

The rollover amount cannot exceed the lifetime contribution limit of $200,000 to the RDSP.

11.4.1.2. RESP conditions

One of the following 3 conditions determines if a rollover of AIP from an RESP to an RDSP is permitted:

- the beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent them from pursuing post-secondary education, or

- the RESP has been in existence for at least 10 years and all the beneficiaries in the RESP are at least 21 years of age and are not pursuing post-secondary education, or

- the RESP has been in existence for at least 35 years

The promoter must close the RESP by the end of February of the year following the calendar year in which the rollover is made.

11.4.2. Rollover from a family RESP

When the rollover of an AIP from an RESP is from a family plan, 3 options are available.

11.4.2.1. Option 1 – Partial transfer

One of the conditions for the rollover described in section [11.4.1. RESP – RDSP rollover conditions](#) of this chapter is that both the RESP and the RDSP must be established for the same beneficiary.

There may be situations where a DTC eligible beneficiary is named to a family RESP that is shared with other beneficiaries. The family plan with multiple beneficiaries can be split into one or more individual (non-family) plans.

First, the subscriber must establish a separate RESP for the DTC eligible beneficiary. The subscriber can then make a partial transfer of funds from the family RESP to the new RESP.

The original family RESP can remain open. This will allow the subscriber to leave any remaining education savings incentive amounts and accumulated income in the family RESP. These amounts can remain available for the other beneficiaries.

Partial transfer rules for RESPs, under the partial transfer rules outlined in subsection 16(2) of the *Canada Education Savings Regulations*, the subscriber of the RESP would not be able to transfer only the accumulated income to the new RESP for the DTC eligible beneficiary.

The subscriber must transfer from one RESP to another RESP the same proportion from each of the notional account balances (the assisted contributions, unassisted contributions, the CESG and accumulated income), with the exception of the CLB and the BCTESG.

Once the partial transfer is complete from the family RESP to the new RESP, providing that all the conditions outlined under section 11.4. Rollover of the AIP from an RESP to an RDSP in this chapter are met, the RESP subscriber may then request to have the AIP from the new RESP to be rolled over to the RDSP.

Once the rollover to the RDSP is complete, the promoter must close the new RESP (refer to all the requirements outlined under section 11.4. Rollover of the AIP from an RESP to an RDSP of this chapter).

For more information on transferring funds from one RESP to another or on how to close an RESP, please consult the RESP provider user guide.

11.4.2.2. Option 2 – Waiting

The subscriber of the RESP can wait until one of the 3 conditions described in section 11.4.1.2. RESP conditions earlier in this chapter is met before rolling over the AIP from the family RESP to the RDSP.

After the beneficiaries have completed their education or if the beneficiaries choose not to attend or complete post-secondary education, the promoter must:

- repay all education savings incentive remaining in the family RESP

- close the plan by the end of February of the year after the rollover of the AIP amount from the RESP to the RDSP

11.4.2.3. Option 3 – Closing the family RESP

The subscriber may close the family RESP at any time.

However, the promoter must close the RESP before the end of the 35th year following the year in which it was opened. If all the conditions set out in the section [11.4. Rollover of the AIP from an RESP to an RDSP](#) in this chapter are met, the subscriber can request a rollover of the AIP from the family RESP to the beneficiary's RDSP.

However, any education savings incentives remaining in the family RESP (including amounts paid in other beneficiaries' names) must be repaid.

11.4.3. Specimen plan

The RESP promoter must specify in their specimen plan if AIPs are allowed.

The RDSP issuer must specify in their specimen plan if rollovers of AIPs into an RDSP are permitted.

All specimen plans must be approved by the Registered Plans Directorate of the CRA.

11.4.4. Rollover form

The RDSP holder and RESP subscriber may use the CRA form number RC435 (rollover from an RESP to an RDSP) to record rollover amount information.

RDSP issuers and RESP promoters may also choose to produce and use their method of documentation for this transaction, as long as the information prescribed on the CRA rollover form is included.

The RDSP issuer and RESP promoter must keep this form and any relevant documentation as a record of the rollover transaction. A separate form must be completed for each rollover transaction.

You may download the form from the CRA website:

- [RC435 Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan](#)

11.4.5. Roles and responsibilities

The RESP subscriber and the RDSP holder:

- contacts the RESP promoter or the RDSP issuer and requests a rollover

- completes and signs a rollover form with the RESP promoter or the RDSP holder, and

- confirms and authorizes the amount of AIP to be rolled over into the RDSP

The RESP promoter:

- confirms that the eligibility requirements to process the rollover are met

- completes the rollover form with the RESP subscriber

- signs the form to confirm payment of the AIP from the RESP to the RDSP

- submits a repayment transaction (record type "400", transaction type "21") – Repayment reason code 02-AIP to the Canada Education Savings Program (CESP) system

- terminates the RESP by the end of February of the year following the calendar year in which the rollover is made, and

- keeps the rollover form and any relevant supporting documentation on file

The RDSP issuer:

- confirms that the eligibility requirements to process the rollover are met

- completes the rollover form with the RDSP holder

- signs the form to confirm that they have received the funds

- submits a 401-30 transaction (education savings rollover) to the Canada Disability Savings Program (CDSP) system, and

- keeps the rollover form and any relevant supporting documentation on file

11.5. Transfer of the AIP from an RESP to an RRSP

Promoters usually have to withhold regular and additional taxes on AIPs.

However, they do not have to withhold tax if both of the following apply:

- AIPs are transferred directly to your registered retirement savings plan (RRSP), pooled registered pension plan (PRPP), or specified pension plan (SPP) or your spouse's or common law partner's RRSP or SPP your RRSP deduction limit allows you to deduct the contribution in the year it is made

For more information about the transfer of an AIP:

- contact the CRA Registered Plans Directorate at 1-800-267-3100

- visit [CRA's website](#)

11.6. Payments to a designated educational institution

The terms of an RESP can stipulate that, under the following circumstances, the promoter could pay the earnings remaining in the RESP to a designated educational institution in Canada:

- the beneficiary is no longer eligible for an EAP

- the promoter repaid the incentive(s), as required

- the subscriber does not qualify for an AIP

For more information, refer to [11.3.1. Conditions for an AIP](#) earlier in this chapter.

A payment to a Canadian designated educational institution would be a gift and not a donation. Therefore, the promoter will not issue a tax receipt to the subscriber or to the beneficiary.

The promoter must repay any incentives remaining in the RESP to the Government of Canada before making the payment to the educational institution.

11.7. Forfeited CESG and earnings on the CESG in group plans

The *Canada Education Savings Act* and *Canada Education Savings Regulations* stipulate:

"CESG amounts and the earnings generated on them may only be shared among the beneficiaries of the RESP."

The term "RESP" used in section 18(1) of the Regulations refers only to the individual contract itself and not the group RESPs under the same specimen plan.

As a result, forfeited CESG and forfeited earnings on the CESG can no longer be redistributed among group RESP cohorts after July 1, 2005.

While any forfeited CESG amounts must be repaid to Government of Canada, forfeited earnings can be managed in 1 of these 2 ways:

- an AIP

- a payment to a designated educational institution

These options are outlined in more detail within this chapter.

Forfeited CESG and earnings, before July 1, 2005, for those contracts that reached maturity in 2002, 2003, and 2004, and contained forfeited CESG and earnings under the prior CESG regulations, RESP promoters were holding these monies instead of requests for EAPs as per the terms of contracts with subscribers.

Any CESG and any earnings on the CESG that were forfeited by a beneficiary before July 1, 2005, and were awaiting disbursement among the remaining beneficiaries of that cohort, will be deemed to have been paid into a receiving beneficiary's plan during the initial allocation.

This means that only amounts forfeited before July 1, 2005, may be distributed to the remaining age cohort.

Appendix A. Registered Education Savings Plan provider user guide – Application forms – Education savings incentives

From: **Employment and Social Development Canada**

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

- List of acronyms

- Introduction

- A.1. Application form ESDC SDE 0093

- A.2. Application form ESDC SDE 0107

- A.3. Important information

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

BN

Business number

CCB

Canada Child Benefit

CCTB

Canada Child Tax Benefit

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

ESDC

Employment and Social Development Canada

PCG

Primary caregiver

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

Introduction

Employment and Social Development Canada (ESDC) administers the following education savings incentives:

- Canada Education Savings Grant (CESG):

    ○ the amount of CESG (Basic CESG)

    ○ the additional amount of CESG (Additional CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

To apply for these incentives, the Registered Education Savings Plan (RESP) providers must complete the required forms. This appendix will help them in completing the forms entitled:

- **application:** Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB) (ESDC SDE 0093)

- Canada Learning Bond (CLB) Application for Adult Beneficiaries (ESDC SDE 0107)

RESP providers should review eligibility requirements with the subscriber for each incentive before completing these forms. Appendix B. A Quick Reference - Eligibility criteria for education savings incentives summarizes the eligibility criteria for those incentives administered by ESDC.

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

A.1. Application form ESDC SDE 0093

A.1.1. Overview

Application form ESDC SDE 0093, entitled **Application: Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB)**, includes several components. To download and fill out the form, refer to the Resources for RESP promoters web page.

A.1.1.1. Main form (ESDC SDE 0093)

- **Signatures required:** the subscriber and the joint subscriber (if applicable)

- **Purpose:** to collect information to apply for the Basic CESG, the Additional CESG and the CLB when the beneficiary is under 18 years old. If the beneficiary is between 18 to 20 years of age, use form ESDC SDE 0107 to apply for the CLB

- **When to use:** this is mandatory for federal education savings incentives

A.1.1.2. Annex A (ESDC SDE 0093 A)

- **Signatures required:** a custodial parent or the legal guardian must complete this annex. No signature is required

- **Purpose:** to collect information for additional beneficiaries

- **When to use:** if applying for more than 1 beneficiary

A.1.1.3. Annex B

- **Signatures required:** the primary caregiver (PCG) or their spouse, and/or the custodial parent or the legal guardian

- **Purpose:** to collect information from the PCG or their spouse or the custodial parent or the legal guardian

- **When to use:** to request the Additional CESG and the CLB when:

  - a beneficiary is under 18 years old

  - the PCG or their spouse isn't the subscriber of this RESP

Note that in some instances, the subscriber may not be the custodial parent or the legal guardian. In that case, a custodial parent or the legal guardian must complete Annex B to provide the beneficiary's Social Insurance Number (SIN).

A.1.1.4. Annex D

- **Signatures required:** subscriber and the joint subscriber (if applicable), the custodial parent or the legal guardian (if different than the subscriber and the joint subscriber)

- **Purpose:** to collect information to apply for the BCTESG

- **Conditions to use:**

  - all beneficiaries in the same RESP must be siblings

  - **both** of the following must be residents of British Columbia (BC) at the time of application:

    - the beneficiary

    - the custodial parent or the legal guardian listed on the Annex D

A.1.2. Checklists for the form ESDC SDE 0093

The CESP application form includes detailed instructions that explain how to complete the form.

Checklists in this appendix will also help RESP providers to ensure that the subscriber completes the CESP application form properly. Refer to the following sections in this appendix for common scenarios:

- [A.1.2.1. When the parents open an RESP](#)

- [A.1.2.2. When someone other than a parent opens an RESP](#)

- [A.1.2.3. When an agency opens an RESP](#)

- [A.1.2.4. Using Annex A to apply for multiple beneficiaries](#)

- [A.1.2.5. When applying for the BCTESG](#)

A.1.2.1. When the parents open an RESP

Use the following checklist only if a subscriber can answer "Yes" to **these 2** questions:

- **are you the beneficiary's PCG or the PCG's spouse?**

  - This person must provide their name and SIN to request the CLB and the Additional CESG

- **are you the beneficiary's custodial parent or legal guardian?**

  - The custodial parent or the legal guardian must provide the beneficiary's SIN

Note: In some instances, the subscriber may not be the custodial parent or the legal guardian. In that case, a custodial parent or the legal guardian must complete Annex B to provide the beneficiary's SIN. The beneficiary's SIN isn't required on the main form in this situation.

A.1.2.1.1. Main form – Application for the CESG and the CLB

1. Before you start:

   - explain that a beneficiary's individual PCG is the person eligible to receive the Canada child benefit (CCB) for the beneficiary

   - explain that "spouse" in this section means the cohabiting spouse or common-law partner of the PCG

2. Top of the form:

   - enter the RESP provider company name and the RESP contract number in the corresponding boxes

3. Section 1 - Information about the subscriber(s):

   - enter the family name and given name of the subscriber in the corresponding fields

- check "Yes" for the "Custodial parent/legal guardian" question under the "Subscriber's family name (last name)" field. Only a custodial parent or the legal guardian can provide the beneficiary's SIN

- check "Yes" for the "Primary caregiver or their spouse" question under the "Subscriber's given name (first name)" field to request the Additional CESG and the CLB. The Canada Revenue Agency (CRA) will use this subscriber's name and SIN to validate the beneficiary's eligibility for these incentives

4. **Note:** Only complete the following steps if there is a joint subscriber to the RESP:

- enter the family name and given name of the joint subscriber in the corresponding fields

- check "Yes" for the "custodial parent/legal guardian" question. To be a joint subscriber, a person must be a spouse or common-law partner of the subscriber

-

- leave all agency areas blank

- enter the SIN of the subscriber to request the Additional CESG and the CLB. This must be the SIN of the person who checked "Yes" for the "Primary caregiver or their spouse" question

4. Section 2 – Information about the beneficiary:

- enter information about the beneficiary (family name, given name, date of birth, gender, and SIN) in the corresponding fields. Enter the information exactly as it appears on the beneficiary's SIN documentation

- enter the total number of beneficiaries for the current application in the field "= Total number of beneficiaries"

- - If applying for more than 1 beneficiary:
    - - check "Additional beneficiaries indicated in Annex A", and
      - complete Annex A to provide information about the additional beneficiaries. For more information, refer to the checklist in section [A.1.2.4. Using Annex A to apply for multiple beneficiaries](#)

5. Sections 3 to 8:
   - ask the subscriber and the joint subscriber (if applicable) to read sections 3 through 8
   - **section 4:** ask the subscriber and the joint subscriber (if applicable) to select the applicable check boxes if required. This section explains possible reasons for not requesting the Additional CESG or the CLB for this RESP
   - **section 5:** ask the subscriber and the joint subscriber (if applicable) to sign and date the CESP application form
   - **section 7:** inform subscribers about any provincial incentives that may apply to them

A.1.2.2. When someone other than a parent opens an RESP

Use the following checklist if a subscriber isn't the beneficiary's parent.

A.1.2.2.1. Main form – Application for the CESG and the CLB

1. Top of the form:
   - enter the RESP provider company name and the RESP contract number

2. Section 1 – Information about the subscriber(s):

- enter the family name and given name of the subscriber and the joint subscriber (if applicable). A joint subscriber must be a spouse or common-law partner of the subscriber:

    - check "No" in the "custodial parent/legal guardian" check box

    - check "No" in the "primary caregiver or their spouse" check box

- leave all agency areas blank

3. Section 2 – Information about the beneficiary:

    - enter the information about the beneficiary. You do not require the beneficiary's SIN on the main form in this situation. A custodial parent or the legal guardian **must** complete Annex B to provide the beneficiary's SIN

    - enter the total number of beneficiaries for the current application in the field "= Total number of beneficiaries"

    - if applying for more than 1 beneficiary:

        - check "Additional beneficiaries indicated in Annex A", and

        - complete Annex A to provide information about the additional beneficiaries. For more information, refer to the checklist in section A.1.2.4. Using Annex A to apply for multiple beneficiaries

4. Sections 3 to 8:

    - ask the subscriber and the joint subscriber (if applicable) to read sections 3 through 8

    - **section 4:** ask the subscriber and the joint subscriber (if applicable) to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP

- **section 5:** ask the subscriber and the joint subscriber (if applicable) to sign and date the CESP application form

- **section 7:** inform subscribers about any applicable provincial incentives

A.1.2.2.2. Annex B – Primary caregiver or their spouse and/or custodial parent/legal guardian

1. Top of the form:

   - enter the RESP provider company name, the RESP contract number

   - enter the family name and given name of the subscriber This should match the information provided on the main form

2. Section B-1 – Information about the primary caregiver or their spouse:

   - explain that a beneficiary's PCG is the person eligible to receive the CCB for the beneficiary

   - explain that "spouse" in this section means the cohabiting spouse or common-law partner of the PCG

   - explain that the PCG or their spouse must complete Annex B to request the Additional CESG and/or the CLB when this person isn't the subscriber of this RESP

   - if the person completing Annex B is the PCG or their spouse, enter their family name, first name and SIN in section B-1. If this person is the beneficiary's custodial parent or legal guardian, check "I am also the custodial parent/legal guardian of the beneficiary"

   - leave all agency areas blank

   - you should leave section B-1 blank if:

     - the subscriber isn't applying for the Additional CESG or the CLB, or

- the person completing Annex B is the custodial parent or the legal guardian of the beneficiary, but not their PCG or their spouse

3. The primary caregiver or their spouse and the custodial parent/legal guardian are often the same person. However, if they are different:

    - the primary caregiver or their spouse should complete 1 copy of this annex (except for section B-2), and

    - the custodial parent/legal guardian should complete a separate copy (except for section B-1)

3. Section B-2 – Information about the custodial parent/legal guardian:

    - enter the beneficiary's custodial parent/legal guardian family name and given name in section B-2 only if they are different than the primary caregiver or their spouse listed in section B-1

4. Section B-3 – Information about the beneficiary:

    - if the person completing the form is the custodial parent or the legal guardian, enter the information about the beneficiary. Enter the information exactly as it appears on the beneficiary SIN documentation

    - enter the total number of beneficiaries for the current application in the "= Total number of beneficiaries" box

    - if applying for more than 1 beneficiary:

        - check the "additional beneficiaries indicated in Annex A" box, and

        - complete Annex A to provide information about the **additional** beneficiaries. For more information, refer to the checklist in section A.1.2.4. Using Annex A to apply for multiple beneficiaries

5. Sections B-4 to B-7:

- ask the person completing this annex to read sections B-4 through B-7

- **section B-4:** ask the person completing this annex to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP

- **section B-5:** ask the person completing this annex to sign and date the annex

A.1.2.3. When an agency opens an RESP

Use the following checklist when a child care agency is the subscriber.

A.1.2.3.1. Main form – Application for the CESG and the CLB

1. Top of the form:

   - enter the RESP provider company name and the RESP contract number

2. Section 1 – Information about the subscriber(s):

   - leave the subscriber and joint subscriber information areas blank

   - enter the agency name and the agency representative's name in the corresponding fields

   - check "Yes" in the "public primary caregiver" check box

   - leave the SIN area blank. Enter the 15-character agency's business number (BN)

3. Section 2 – Information about the beneficiary:

   - enter information about the beneficiary (family name, given name, date of birth, gender, and SIN) in the corresponding fields. Enter the information exactly as it appears on the beneficiary SIN documentation

- enter the total number of beneficiaries for the current application in the field "= Total number of beneficiaries"

- if applying for more than 1 beneficiary:

  - check "additional beneficiaries indicated in Annex A", and

  - complete Annex A to provide information about the **additional** beneficiaries. For more information, refer to the checklist in section [A.1.2.4. Using Annex A to apply for multiple beneficiaries](#)

4. Sections 3 to 8:

   - ask the agency representative to read sections 3 through 8

   - **section 4:** ask the agency representative to select the applicable check boxes if required. This section explains possible reasons not to apply for the Additional CESG or the CLB for this RESP

   - **section 5:** ask the agency representative to sign and date the CESP application form as the subscriber

   - **section 7:** inform the agency representative about any applicable provincial incentives

A.1.2.4. Using Annex A to apply for multiple beneficiaries

Use the following checklist when providing information about **additional** beneficiaries on Annex A.

A.1.2.4.1. Annex A – Information about the additional beneficiaries

1. Before you start:

   - explain that all beneficiaries listed on Annex A must have a common custodial parent or a legal guardian. Use a separate Annex A for each group of beneficiaries having a common custodial parent/legal guardian

2. Top of the form:

   o   enter the RESP provider company name, the RESP contract number and a subscriber's family name and given name. This should match the information provided on the main form

   o   enter the custodial parent or the legal guardian family name and given name. The custodial parent or the legal guardian must have signed either the main form or the Annex B

3. Section A-1 – Information about the beneficiaries:

   o   enter information about the beneficiary (family name, given name, date of birth, gender, and SIN). Enter the information exactly as it appears on the beneficiary SIN documentation

   o   enter the information exactly as it appears on the beneficiary SIN documentation

A.1.2.5. When applying for the BCTESG

Use the following checklist when the subscriber is applying for the BCTESG.

A.1.2.5.1. Annex D – Application for the BCTESG

1. Top of the form:

   o   enter the RESP provider company name and the RESP contract number

2. Section D-1 - Information about the subscriber(s):

   o   enter the family name and given name of the subscriber and the joint subscriber (if applicable):

       ▪   leave the subscriber and joint subscriber information blank if the subscriber is an agency

       ▪   a joint subscriber, if applicable, must be a spouse or common-law partner of the subscriber

- if the subscriber is an agency, enter the agency name and the name of the agency representative in the corresponding fields. Otherwise, leave the agency fields blank

- enter the subscriber address even when the subscriber isn't an agency

3. Section D-2 - Information about the beneficiaries:

   - check "Yes" only if:

     - there is only 1 beneficiary in the RESP or all beneficiaries in the RESP are siblings, and

     - all beneficiaries listed on Annex D are residents of BC

4. If "No" is selected, the BCTESG will not be paid into the RESP

   - enter the information about all beneficiaries applying for the BCTESG (family name, given name, date of birth, gender and SIN)

   - enter this information exactly:

     - as it appears on the beneficiary SIN documentation, and

     - as it was entered in the application form for federal incentives

   - verify that each beneficiary listed on Annex D has an eligible birth date to apply for the BCTESG. Beneficiaries must be born in 2006 or later to be eligible for the BCTESG

   - verify that the application date is acceptable for each beneficiary listed on Annex D:

     - for eligible beneficiaries born in 2006, you must complete the applications between August 15, 2016, and August 14, 2019, inclusively

- for eligible beneficiaries born after 2006 but before August 15, 2009, you must complete the applications between August 15, 2015, and August 14, 2018, inclusively

- for eligible beneficiaries born on August 15, 2009, or later, you must complete the applications between the beneficiary's 6th birthday and the day before the beneficiary's 9th birthday, inclusively

  - enter the total number of beneficiaries for the current BCTESG application in the "= Total number of beneficiaries" field

    - if requesting the BCTESG for more than 2 beneficiaries:

      - check the box for "additional beneficiaries", and

      - use additional copies of Annex D to provide all additional beneficiary information

4. Section D-3 – Conditions for payment of the BCTESG:

   - ask for proof that the custodial parent/legal guardian meets the BC residency requirement. This could be:

     - a valid BC Driver's License

     - a BC Identification Card

     - a BC Services Card, or

     - a BC utility bill

5. **Note:** The date of the utility bill must be within the last 3 months. It must also list the current address of the custodial parent or the legal guardian and can be for:

   - electricity

   - natural gas

   - phone

- ◦ cable

- ◦ water or

- ◦ garbage collection

-

  - ◦ indicate only the **type of document provided** as proof of residency (for example, enter "BC driver's license") in the corresponding field

5. Sections D-4 to D-6:

   - ◦ all individuals signing the annex read sections D-4 through D-6

   - ◦ **section D-4:** the following individuals sign and date the annex:

     - ▪ subscriber

     - ▪ joint subscriber (if applicable)

     - ▪ a custodial parent/legal guardian (if this person isn't the subscriber/joint subscriber and has given a proof of BC residency)

   - ◦ if the subscriber is an agency, the agency representative must sign as the subscriber

   - ◦ the custodial parent or the legal guardian must enter (in print) their name if this person isn't the subscriber or the joint subscriber

A.2. Application form ESDC SDE 0107

A.2.1. Overview

As of January 1, 2022, beneficiaries between 18 to 20 years of age must use the form (ESDC SDE 0107) to apply for the CLB. They will therefore be able to designate an RESP themselves for payment of the CLB. In most provinces,

they will also be able to open their own RESP and apply for the CLB themselves.

However, in certain provinces and territories, the legal age at which an individual can enter into a contract (which includes opening an RESP) is 19. In these provinces and territories, there may also be circumstances where an 18-year-old beneficiary can be their own subscriber.

To determine at which age individuals may open an RESP as the subscriber, promoters should consider the following:

- applicable provincial/territorial laws

- their organization's operational requirements

- any flexibility they may have introduced

In situations where the promoter requires the subscriber to be 19 years of age and over, there are 2 options:

- the CLB eligible beneficiary may choose to wait until they turn 19 to open their own RESP

- authorize the RESP provider to ask the trustee to request the CLB in respect of the beneficiary

Application form ESDC SDE 0107, **entitled Canada Learning Bond (CLB) Application for Adult Beneficiaries**, is a stand-alone form. Use it only when a beneficiary is between 18 to 20 years of age.

To download the form, go to the "Forms" tab of the [Resources for RESP promoters](#) web page.

A.2.1.1. ESDC SDE 0107 form

- **Signatures required:** beneficiary, subscriber (if different than the beneficiary), joint subscriber (if applicable)

- **Purpose:** to collect information to apply for the CLB

- **When to use:** for beneficiaries between 18 to 20 years of age

A.2.2. Checklist for the form ESDC SDE 0107

The checklist for the **Canada Learning Bond (CLB) Application for Adult Beneficiaries** form includes detailed instructions that explain how to complete the form.

Use the following checklist only if you can answer "Yes" to 1 of the 2 statements:

- the beneficiary is between 18 to 20 years of age and is also the subscriber of the RESP

- the beneficiary is between 18 to 20 years of age and isn't the subscriber of the RESP

For the CLB eligibility criteria, refer to Chapter 6. The Canada Learning Bond.

A.2.2.1.1. Form ESDC SDE 0107: Canada Learning Bond (CLB) Application for Adult Beneficiaries

1. Before you start:

    - explain that a beneficiary must be between 18 to 20 years of age to request the CLB as an adult

2. Top of the form:

    - enter the RESP provider company name and the contract number in the corresponding fields

3. Section 1 - Beneficiary personal information:

    - enter the beneficiary information (family name, given name, date of birth, gender and SIN) in the corresponding fields

        - the beneficiary must enter their name exactly as it appears on their SIN documentation

- when the beneficiary is also the subscriber of the RESP, they must check the subscriber box. If not, leave blank

4. Section 2 - Beneficiary declaration and consent:

- in this section, the beneficiary must:

    - read the declaration

    - date and sign

5. Section 3 - Subscriber (if different than the beneficiary) declaration and consent

- **only** fill in these fields in section 3 if the subscriber is a different individual than the beneficiary:

    - enter the family name and given name of the subscriber

    - enter the family name and given name of the joint subscriber (if applicable)

    - enter the agency name if the subscriber is a child care agency

- the following individuals must sign and date this section:

    - subscriber

    - joint subscriber (if applicable)

6. Section 4 - Conditions for payment of the CLB:

- explain the conditions for payment

A.3. Important information

A.3.1. Overview

The following section provides important information for the forms ESDC SDE 0093 and its associated annexes, and ESDC SDE 0107.

A.3.2. Inaccurate information may delay education savings incentive payments

The subscriber must provide accurate information on the forms ESDC SDE 0093 and its associated annexes, and the ESDC SDE 0107. Otherwise, there could be a delay in the payment of education savings incentives. The CESP system sends monthly reports to RESP providers. If the CESP system can't pay an incentive, it will advise the provider with **error codes** or **refusal reasons:**

- **error codes:** the CESP system can reject incentive requests because they contain errors. When that happens, RESP providers must resubmit these transactions with the correct information. For more information, refer to Appendix E. Understanding error codes

- **refusal reasons:** there could be a number of reasons why the CESP system will refuse to pay an incentive. This could be the case even when the CESP system successfully processes incentive requests. For more information, refer to Appendix F. Understanding refusal reasons

A.3.2.1. Beneficiary information

Before paying any incentive into an RESP for a beneficiary, the CESP system will perform various validations. When it comes to the beneficiary information, it will validate the following information submitted by RESP providers with the information of the Social Insurance Registry (SIR):

- SIN

- given name (first name)

- family name (last or surname)

- date of birth

- gender

All RESP provider requests for incentive payments must include a beneficiary SIN. The CESP system will validate the SIN information at the SIR. RESP

providers should ensure that the information collected on application forms matches the beneficiary SIN documentation at the SIR. Doing so will ensure that providers will have fewer rejected transactions and avoid incentive payment delays.

Any subscriber can provide information for 1 beneficiary on application form ESDC SDE 0093. However, only the custodial parent/legal guardian of a beneficiary can provide the beneficiary's SIN on this form.

A beneficiary between 18 to 20 years of age must provide their own SIN on the application form ESDC SDE 0107.

Consequently, RESP providers must collect beneficiary SINs on the application form(s) using 1 of the following methods:

- **ESDC SDE 0093:** if a subscriber is also a custodial parent/legal guardian, this person can provide all required information for 1 beneficiary using the main form. If there are multiple beneficiaries, this person can use Annex A to provide information for the additional beneficiaries

- **Annex A (ESDC SDE 0093-A):** if there are multiple beneficiaries, then a custodial parent or the legal guardian can complete Annex A to provide information about the additional beneficiaries

- **Annex B (ESDC SDE 0093-B):** custodial parents or the legal guardians can provide their information and information for 1 beneficiary using Annex B. If there are multiple beneficiaries, they can provide information for the other beneficiaries using Annex A

- **ESDC SDE 0107:** if a beneficiary is between 18 to 20 years of age, this person must provide their own SIN. Annex A must not be used with the form ESDC SDE 0107

If the beneficiaries named in a family RESP are cousins, each group of siblings requires completion of Annex A.

The CESP system can only pay the following incentives into a family RESP if all beneficiaries in the RESP are siblings:

- the CLB

- the Additional CESG

- the BCTESG

A.3.2.2. The primary caregiver, cohabiting spouse or common-law partner

The PCG of a beneficiary is the person who is eligible to receive the CCB for the beneficiary. The CRA calculates a PCG's adjusted income using, in part, the net income reported on line 23600 of tax returns filed by the individual PCG. If applicable, it would also take into account the information of their cohabiting spouse or common-law partner.

Since 2018, their cohabiting spouse or common-law partner, if applicable, may provide their information to request the CLB instead. The PCG's adjusted income is used, in part, to validate eligibility for the CLB and the Additional CESG. The PCG must provide their name and SIN on the form ESDC SDE 0093 to request the CLB and the Additional CESG for beneficiaries under 18 years old. It isn't required to request the CLB for an adult beneficiary.

A beneficiary could have more than 1 PCG. For more information, refer to the shared custody question under section [A.3.3.8. Custodial parent/legal guardian or the primary caregiver](#) in this appendix.

The public PCG of a beneficiary is the organization that is entitled to receive payments for the beneficiary under the *Children's Special Allowances Act* (CSAA). A public PCG must provide their business number (BN) to request the Additional CESG and the CLB.

To request the CLB only, ESDC does not collect the PCG information on form ESDC SDE 0107. For more explanations regarding adult beneficiary CLB eligibility, refer to section [A.3.3.17. How will an adult beneficiary's eligibility for the CLB be determined](#).

PCG Type - Individual PCG:

- information required to request the CLB and the Additional CESG using form ESDC SDE 0093:

  - PCG: SIN, given name, family name, or

  - PCG's spouse: SIN, given name, family name

- additional notes:

  - an individual PCG is the person eligible to receive the CCB for the beneficiary. The CRA sends the CCB notice to the individual PCG every year

PCG Type - Public PCG (Agency):

- information required to request the CLB and the Additional CESG using form ESDC SDE 0093:

  - PCG: BN, agency name

- additional notes:

  - a public PCG is an organization that receives the Children's Special Allowance for the beneficiary

Note: The CESP system will only pay the CLB and the Additional CESG into individual RESPs or family RESPs in which all beneficiaries are siblings.

A.3.3. Answers to additional questions

A.3.3.1. Individual RESPs

Can we include on the same application form ESDC SDE 0093 siblings who are beneficiaries of separate individual RESPs?

No. You can't use 1 CESP application form for siblings who are beneficiaries of different individual RESPs. Given that each RESP is a separate contract, you must use a separate form for each contract number.

A.3.3.2. Family RESPs with cousins

Can we include all beneficiaries on 1 form ESDC SDE 0093 if there are cousins in a family RESP?

Yes. When there are multiple beneficiaries named to a family RESP, you can use 1 form for all beneficiaries. This is regardless of whether they are all siblings.

However, a beneficiary's custodial parent/legal guardian needs to complete Annex A (Additional beneficiaries) and Annex B (Primary caregiver or their spouse and/or custodial parent/legal guardian). As a result, if there are cousins in the plan, you will require more than 1 Annex A and Annex B.

> **Note:** To receive the Additional CESG, the CLB or the BCTESG, all beneficiaries named to the RESP must be siblings.

Example

The subscriber, Jane Smith, opens an RESP for her 4 grandchildren:

- John Smith (PCG and custodial parent = mother, Mary Smith)
- Joseph Smith (PCG and custodial parent = mother, Mary Smith)
- Ann Smith (PCG and custodial parent = mother, Jill Smith)
- Brian Smith (PCG and custodial parent = mother, Jill Smith)

You must complete the following parts of the form:

- the subscriber, Jane Smith, must complete and sign the main form
- the custodial parent, Mary Smith, must complete and sign:
  - Annex B for 1 of her children, and
  - Annex A to add her other child
- the custodial parent, Jill Smith, must complete and sign:
  - Annex B for 1 of her children, and

- Annex A to add her other child

In this example, not all beneficiaries in the RESP are siblings. Therefore, the subscriber must choose not to apply for the Additional CESG and the CLB for these beneficiaries.

A.3.3.3. Information about RESPs

Who should complete the fields that appear at the top of each form and each annex, above the numbered sections? For example, the RESP provider and the RESP contract number.

Given that procedures for dealing with this section differ depending on the type of organization, we did not provide descriptors for this section.

It is up to individual RESP providers to determine how best to complete this section and communicate the information to their staff. However, you must ensure the completion of this area since our compliance section may verify it during a compliance review.

> **Note:** The CESP permits the RESP providers to pre-populate the "RESP Provider" field with their legal name.

A.3.3.4. Pages following the consent and signatures sections

Do we have to keep the pages that follow the consent and signature in the client file? Those pages contain the privacy statement and definitions. Do they need to be kept in the customer's file, either as an image or a hard copy?

No. RESP providers do not need to keep pages that follow the consent and signatures sections of the forms or annexes.

A.3.3.5. Choosing not to apply for the Additional CESG and/or the CLB

What happens if there is a discrepancy between information provided in section 4 of the form ESDC SDE 0093 and section B-4 of Annex B?

The PCG or their spouse designates which RESP receives the Additional CESG and the CLB payments. RESP providers should follow this person's instructions if there is a discrepancy between the information provided in the section 4 of the main form and section B-4 of Annex B. RESP providers may also choose to talk to the subscriber in completing this section.

If an RESP provider offers only the Basic CESG, is the subscriber under the obligation to complete section 4 of the main form ESDC SDE 0093?

Yes. The subscriber must complete this section even if the RESP provider offers only the Basic CESG. In this case, the subscriber must choose not to apply for the Additional CESG and the CLB in section 4 of the main form.

A.3.3.6 When subscribers add beneficiaries to an existing family RESP

A subscriber has already completed a form ESDC SDE 0093 for a beneficiary in a family RESP. What parts of the form ESDC SDE 0093 must they complete if they name additional beneficiaries to the same RESP?

If the subscriber wants to add new beneficiaries to an existing family RESP, they must complete a new form ESDC SDE 0093 for the new beneficiaries. A subscriber can't change the original form ESDC SDE 0093 that was previously completed and signed to add new beneficiaries.

A.3.3.7. Total number of beneficiaries

What should a subscriber enter as the total number of beneficiaries on the form ESDC 0093 and Annex B? Is it the total number of beneficiaries in the RESP, or the number of beneficiaries for whom the subscriber is currently submitting an application?

The total number of beneficiaries entered should be the number of beneficiaries for whom the subscriber is currently submitting an application. This applies to:

- section 2 of the main form ESDC SDE 0093

- section B-3 of Annex B (if applicable)

This number does not necessarily have to match the number of beneficiaries named in the RESP. For example, the numbers would not match in cases where beneficiaries are added to a family RESP after the plan was originally opened.

A.3.3.8. Custodial parent or legal guardian and primary caregiver

Can the ESDC SDE 0093 form be completed only by the custodial parent or the legal guardian if the primary caregiver or their spouse is unavailable or unable to complete it?

Yes. It can be completed by a custodial parent or the legal guardian only.

In such cases, a custodial parent or the legal guardian should complete the form ESDC SDE 0093. They should omit areas that identify the PCG or their spouse. They would not complete the SIN in section 1 of the main form ESDC SDE 0093 or section B-1 on Annex B.

However, a beneficiary could not receive the Additional CESG or the CLB. To receive the Additional CESG or the CLB, a PCG, or their spouse must complete the form ESDC SDE 0093 and provide their SIN (or BN for child care agencies). In this situation, the custodial parent or the legal guardian must choose not to apply for both the Additional CESG and the CLB. They would do so either in section B-4 of Annex B, or in section 4 of the main form ESDC SDE 0093.

Who is the PCG when parents share the custody of a beneficiary?

The CRA may distribute the CCB payments to more than 1 parent for the same beneficiary if they share custody of the child. For example, a child could alternate every 2 weeks between living with 1 parent. In this situation, CRA could consider both the parents to be PCGs.

When PCGs or their spouse complete the form ESDC SDE 0093 for beneficiaries under 18 years old:

- they are providing their information

- the CESP system will confirm with the CRA the information to validate eligibility for the Additional CESG and/or the CLB

They are also designating the RESP to receive these incentives in trust. RESP providers can include the information of only 1 PCG or their spouse in each electronic transaction.

Note: RESP providers do not need to get the PCG, or a PCG's spouse information to apply for the CLB for an adult beneficiary between 18 to 20 years of age.

A.3.3.9. Pre-filling fields on the forms

Can RESP providers pre-fill some of the application form fields before asking their clients to sign a form?

Yes. To facilitate the completion of forms, RESP providers could choose to pre-fill some fields. They will collect this information during the education savings plan (ESP) application process. This includes, for example, the RESP provider, RESP contract number, subscriber names and beneficiary information.

However, RESP providers may not preselect client options on the application forms. Client options include check boxes and/or fields that require a client decision or attestation, signatures, and signature dates. In particular, the client must complete the following fields:

- choosing not to apply for the Additional CESG or the CLB (section 4 of the main form ESDC SDE 0093 and section B-4 of Annex B)

- I am the subscriber check box (section 1 of form ESDC SDE 0107)

A.3.3.10. Incomplete application forms

What must RESP providers do if they determine that an application form is incomplete and missing information after it was originally completed and signed?

Once all the required individuals have signed the application form, the RESP provider can't alter the form. RESP providers should contact the person or people who originally signed the form. They should ask them to add the required information and initial any additions or changes made since the original signature. RESP providers must retain these amended forms in their client files.

A.3.3.11. BCTESG requests for existing beneficiaries

How do you apply for the BCTESG for existing beneficiaries?

For existing beneficiaries who already have an RESP, there is no need to complete the main application form ESDC SDE 0093. To apply for the BCTESG, the subscriber must complete only Annex D (ESDC SDE 0093 D), which can be treated as a stand-alone BCTESG application form.

A.3.3.12. BCTESG application dates

Which date should RESP providers use for a BCTESG request?

RESP providers must enter a transaction date for each BCTESG request that they submit electronically to the CESP system. The date on which the subscriber submitted the completed BCTESG application form to the RESP provider's representative will be the transaction date.

If the subscriber and the parent or the legal guardian are 2 distinct people, they may sign and date the application form on different dates. The promoter should use the last signature date on the application form as the transaction date for the corresponding BCTESG request transaction.

Will the CESP system accept BCTESG applications if they are completed before or after the required application window?

Promoters should not accept BCTESG application forms if the subscriber submits them outside of the required application window period for each beneficiary. To be eligible for the BCTESG, the beneficiary must be born on January 1, 2006, or later.

For eligible beneficiaries born in 2006, subscribers must complete the applications between August 15, 2016, and August 14, 2019, inclusively. For eligible beneficiaries born after 2006 but before August 15, 2009, subscribers must complete the applications between August 15, 2015, and August 14, 2018, inclusively. For eligible beneficiaries born on August 15, 2009, or later, the subscriber must complete the applications between the beneficiary's 6th birthday and the day before the beneficiary's 9th birthday, inclusively.

A subscriber wishes to apply for the BCTESG for a beneficiary born on August 15, 2009, or later. However, the custodial parent or the legal guardian is only available to sign the application after the beneficiary's 9th birthday. In this case, will the application be valid?

No. For an application to be valid, all signatures must be present and dated before the beneficiary's 9th birthday.

A promoter does not have the system or agreement in place to offer the BCTESG. Can they accept applications for the BCTESG after August 15, 2015, even if they are not ready to offer the grant? If yes, which date must the promoter use to apply for the grant?

Unless a promoter has an agreement with ESDC, they are not a promoter of that grant. As such, they can't accept applications for the BCTESG.

A.3.3.13. BCTESG requests for multiple beneficiaries

If 2 eligible beneficiaries each have their own separate RESPs, can the subscriber complete only 1 Annex D for both beneficiaries?

The subscriber must complete Annex D for each RESP. If 2 eligible siblings have separate RESPs, the subscriber must complete a separate Annex D for each beneficiary.

A subscriber completes Annex D for 2 beneficiaries. There are several eligible beneficiaries named in the same RESP. Can the subscriber use Annex A to apply for the additional beneficiaries after having completed Annex D for 2 beneficiaries?

The subscriber can't use Annex A (ESDC SDE 0093-A) to request the BCTESG for the additional beneficiaries. In this case, there are more than 2 eligible beneficiaries named in the same RESP. Therefore, the subscriber must use additional copies of Annex D to request the BCTESG for the additional beneficiaries.

A subscriber has 2 children, a 6-year-old and a 4-year-old. Can the subscriber complete the form for both beneficiaries at the same time? Would this prevent him from having to go back to the promoter to complete a form when the 4-year-old turns 6?

No. Once the younger beneficiary turns 6, the subscriber will need to complete an application form and provide proof of residency to receive the BCTESG.

A.3.3.14. BCTESG residency requirements

What is an acceptable demonstration of proof of BC residency for the custodial parent or the legal guardian?

The custodial parent or the legal guardian must show a proof of residency to the RESP provider's representative at the time of the application. They must present at least 1 of the following documents:

- a valid BC driver's license

- a BC Identification Card

- a BC Services Card

- a BC utility bill

The date on the utility bills must be within the last 3 months. It should also list the current address of the custodial parent or the legal guardian. It can be for electricity, gas, phone, cable, water or garbage.

Must the RESP provider's representative make a copy of the document provided for proof of residency?

No. However, the RESP provider's representative must provide a description of the proof shown. For example, they could indicate "BC driver's license," in the available space under section D-3.

There could be instances where the subscriber does not complete the form in the presence of the RESP provider's representative. In that situation, the RESP provider could collect a photocopy of the proof in order for them to complete this field.

A subscriber completes a form at a branch in Ontario. They have proof of residency for BC. How would the agent recognize BC proof of residency?

The BC logo should be visible on all BC identification cards. Other forms of identification should include a BC address for the parent or the legal guardian.

How is proof of residency validated if the office in Ontario receives a BCTESG application form that is mailed into Ontario? For example, a subscriber lives in Ontario but parents and the beneficiary live in BC.

The promoter is responsible to validate the residency of the custodial parent or the legal guardian. They need to establish a process of acceptable practices. For example, they could require the guardian to sign and date both sides of a copy of identification used to support the application. That signed copy would then be forwarded to the promoter.

If the subscriber already has an RESP with a promoter, their system may have the subscriber's address showing the custodial parent or the legal guardian lives in BC. Is this sufficient for proof of residency?

No, the promoter must request proof of residency to validate BC's residency requirement. The proof of residency needs to be current. A utility bill or statement used for proof of residency must be within the last 3 months.

A.3.3.15. BCTESG applications and the custodial parent or the legal guardian

Does the beneficiary's custodial parent or legal guardian need to sign the BCTESG application form (Annex D)?

Yes, but only if the person has not already signed as a subscriber. If they are not the subscriber, a custodial parent or the legal guardian that provided the proof of BC residency must:

- sign and print their name in section D-4 of the BCTESG application form (Annex D)

If the beneficiary's custodial parent or legal guardian isn't a subscriber, is it necessary for the custodial parent or legal guardian to also complete Annex B?

If Annex D is being completed as a "stand-alone" BCTESG application form for an existing RESP:

- the required information for all beneficiaries will be provided on Annex D

- the custodial parent or legal guardian must also sign Annex D

In these situations, the custodial parent or legal guardian does not have to complete Annex B to provide beneficiary information.

A.3.3.16. BCTESG application and subscribers

If the RESP has a subscriber and a joint subscriber, are both required to sign the BCTESG application form (Annex D, section D-4)?

No. Either the subscriber or the joint subscriber of the RESP can sign a BCTESG application form. However, RESP promoters may establish their own internal policy that requires both subscribers to sign.

A.3.3.17. How will an adult beneficiary's eligibility for the CLB be determined if the PCG's or their spouse's personal information isn't required on the Adult CLB application form ESDC SDE 0107

Eligibility for the CLB is based on income information pertaining to the beneficiary's PCG. This information is obtained annually through an information-sharing process with the CRA. The PCG consented to their information being shared by CRA with ESDC when they applied for the CCB. For children in care, the CLB eligibility is established when public primary caregiver is eligible to receive payments under the *Children's Special Allowances Act*.

As the PCG has responsibility for decisions related to the minor beneficiary's well-being, they have the authority to request the CLB and designate the RESP. At 18 years of age, this authority transfers to the beneficiary.

Adult beneficiaries who are between 18 to 20 years of age must use the Adult CLB application form (ESDC SDE 0107) to:

- request the CLB, and/or

- designate an RESP for CLB payment

The CESP system includes functionality to match the adult beneficiary named on the CLB request to a child in the CRA data without the use of PCG information. ESDC will use the beneficiary's name and date of birth to match them to their CLB amounts. If a match is found and all other rules are met, the CESP system will pay the CLB. The designated RESP will only receive the amount of CLB that the beneficiary is eligible for, and that has not already been paid in an RESP.

Appendix B. Registered Education Savings Plan provider user guide – A quick reference: Eligibility criteria for education savings incentives

From: **Employment and Social Development Canada**

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

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- List of acronyms

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- B.1. Eligibility for Basic and Additional CESG

- B.2. Eligibility for CLB

- B.3. Eligibility for BCTESG

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CCB

Canada child benefit

CLB

Canada Learning Bond

ESP

Education savings plan

ESDC

Employment and Social Development Canada

RESP

Registered Education Savings Plan

SIN

Social Insurance Number

Introduction

This appendix provides an "at-a-glance" summary of the eligibility criteria for each of the education savings incentives administered by Employment and Social Development Canada (ESDC).

To view concepts that are unique to a particular incentive, refer to the following chapters:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

B.1. Eligibility for Basic and Additional CESG

To determine if a contribution is eligible for the CESG, the following eligibility criteria should be considered:

- does the beneficiary have a valid Social Insurance Number (SIN)?

- has the subscriber (together with an RESP promoter) established and registered an education savings plan (ESP) and named a beneficiary?

- is the beneficiary a Canadian resident when the subscriber makes a contribution?

- are we in a calendar year where the beneficiary has turned or is turning 16 or 17 years old? If so, there are special conditions that apply for the contributions made in the respect of the beneficiary during that year. At least 1 of the following 2 conditions must apply before the end of the calendar year the beneficiary turned 15:

  - a minimum of $100 in annual Registered Education Savings Plan (RESP) contributions were paid (and not withdrawn) in any 4 years, or

  - a minimum of $2,000 in RESP contributions has been paid (and not withdrawn)

  If you answered yes to all of the questions to this point, the contribution may be eligible for the **Basic CESG**

- is the RESP an individual (non-family) plan or a family plan in which all beneficiaries are siblings?

- did the subscriber make the contribution to the RESP on or after January 1, 2005?

- does the beneficiary's individual **primary caregiver** (or their spouse or common-law partner) have a valid **SIN**? If no, does the **public primary caregiver** (an agency responsible for a child in care) have a **business number**?

- is the beneficiary's individual primary caregiver eligible to receive the Canada child benefit (CCB)?

- is the beneficiary a dependent of an individual primary caregiver whose adjusted income is greater than the first tax bracket, but less than or equal to the second tax bracket? Footnote1

  If you answered yes to all the questions up to this point, the contribution may be eligible for both:

    - the Basic CESG, and

    - the 10% Additional CESG

- is the beneficiary a dependent of an individual primary caregiver whose adjusted income is less than or equal to the amount of the first tax bracket? Footnote2

  If you answered yes to all the questions up to this point, the contribution may be eligible for both:

    - the Basic CESG, and

    - the 20% Additional CESG

B.1.1. Eligibility for a "child in care"

A beneficiary is a "child in care" if an agency is receiving payments under the *Children's Special Allowance Act* on behalf of the beneficiary.

To qualify for the 20% Additional CESG, the beneficiary must:

- be a "child in care", and

- meet the eligibility criteria for the Basic CESG

B.2. Eligibility for Canada Learning Bond (CLB)

To determine if the beneficiary is eligible for the CLB, the following eligibility criteria should be considered:

- is the child a Canadian resident born in 2004 or later?

- does the beneficiary have a valid SIN?

- is the child's individual **primary caregiver** eligible to receive the CCB?, or

- did the public primary caregiver receive payments under the *Children's Special Allowances Act* for the child in care? If a payment was received, for at least 1 month of the benefit year, answer yes

If you answered yes to all of these questions to this point:

- the beneficiary **may** be eligible for the **CLB**

However, remember that it would also be based, in part, on:

- the number of qualified children, and

- the adjusted income of the individual primary caregiver

B.3. Eligibility for British Columbia Training and Education Savings Grant (BCTESG)

To determine if the beneficiary is eligible for the BCTESG, the following eligibility criteria should be considered:

- does the promoter offer the BCTESG?

- has the subscriber established an RESP and named the beneficiary?

- does the beneficiary have a valid Social Insurance Number (SIN)?

- is the RESP either an individual RESP or a family RESP in which each beneficiary is a sibling of every other?

- were the custodial parent or the legal guardian and the beneficiary residents of British Columbia when they applied for the BCTESG?

- did the subscriber request the BCTESG (via the RESP promoter) on or after August 15, 2015?

If you answered yes to all of the questions to this point, the beneficiary may be eligible for the **BCTESG**.

Footnotes

Footnote 1

The first and second tax brackets are based on the first 2 rows of the Tax bracket thresholds table of the most recent tax year.

Footnote 2

The first tax bracket is based on the first row of the Tax bracket thresholds table of the most recent tax year.

Appendix C. Registered Education Savings Plan provider user guide – Acronyms and definitions

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

- List of acronyms
- Introduction
- C.1. List of definitions

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

BN

Business number

CCB

Canada Child Benefit

CCTB

Canada Child Tax Benefit

CÉGEP

Collège d'enseignement général et professionnel

CESA

Canada Education Savings Act

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

CSA

Children's Special Allowance

EAP

Educational assistance payment

ESDC

Employment and Social Development Canada

ESP

Education savings plan

GTIS

Government Telecommunications and Informatics Services

ITA

Income Tax Act

ITS

Interface Transaction Standards

MSFT

Managed secure file transfer

NCBS

National Child Benefit Supplement

PCG

Primary caregiver

PIB

Personal information banks

PSPC

Public Services and Procurement Canada

RDSP

Registered Disability Savings Plan

RESP

Registered Education Savings Plan

RRSP

Registered Retirement Savings Plan

RT

Record type

SAGES

Saskatchewan Advantage Grant for Education Savings

SIN

Social Insurance Number

SIR

Social Insurance Registry

UCCB

Universal child-care benefit

Introduction

There are many acronyms and definitions that are specific to the Canada Education Savings Program (CESP). This relates to the application form and payment of the related education savings incentives.

This guide offers an alphabetical listing of acronyms and definitions to assist readers to identify the meaning of such terms.

C.1. List of definitions

The CESP uses the following terms throughout the Registered Education Savings Plan (RESP) provider user guide.

C.1.1. Accumulated income payment (AIP)

A payment of the income earned from a Registered Education Savings Plan (RESP), usually paid to the subscriber. It does not include the following:

- educational assistant payments (EAPs)

- payments to a designated educational institution in Canada

- transfers to another RESP

- repayment of:

  - the Canada Education Savings Grant (CESG)

  - the Canada Learning Bond (CLB), and

  - the British Columbia Training and Education Savings Grant (BCTESG)

A promoter cannot make an AIP as a single joint payment to separate subscribers.

C.1.2. Additional CESG

An additional amount of Canada Education Savings Grant (Additional CESG) of 10% or 20% on the first $500, or less. This is an annual limit on RESP contributions made on or after January 1, 2005. The Additional CESG paid into an RESP is on behalf of an eligible beneficiary over and above the Basic CESG. It is based on the adjusted income level of the beneficiary's primary caregiver. For more information, refer to C.1.3. Adjusted income.

C.1.3. Adjusted income

The adjusted income of a beneficiary's individual primary caregiver is determined by adding together:

- the net income (line 23600 of the income tax and benefit return) for the primary caregiver

- his or her cohabiting spouse or common-law partner (if applicable)

The family net income is adjusted by:

- deducting any universal child care benefit (UCCB)

- registered disability savings plan (RDSP) payments received

- adding any UCCB and RDSP amounts repaid

For more information, refer to C.1.37. Individual primary caregiver.

C.1.4. Assisted contributions

Contributions made to an RESP that has attracted CESG payments.

C.1.5. Basic CESG

The basic amount of the CESG (Basic CESG) consists of a rate of 20% on contributions made to an RESP in respect of a beneficiary. The amount of annual Basic CESG payable per beneficiary is limited to the lesser of:

- accumulated grant room available for the beneficiary

- to the Basic CESG annual limit per beneficiary

The CESP pays the Basic CESG into the RESP on behalf of an eligible beneficiary. The CESP can make payments up until the end of the calendar year in which the beneficiary turns 17.

C.1.6. Beneficiary

Usually a child, but can be any person named by the subscriber of an RESP. This person may be eligible to receive the education savings incentive(s) and may receive EAPs from the RESP. For more information, refer to [C.1.26. Educational assistance payment (EAP)](#).

As of January 1, 2022, a person between 18 to 20 years old may be eligible to open an RESP. They would be the subscriber and could name themselves as an adult beneficiary. This is mostly done to apply for the Canada Learning Bond using the new application form ESDC SDE 0107. For more information, refer to [Chapter 6. The Canada Learning Bond](#).

C.1.7. Benefit year

A period that starts on July 1 of a given year and ends on June 30 of the next year.

C.1.8. Blood relative

The ITA describes a "blood relationship" as one between:

- a parent and child (or grandchild or great-grandchild)

- siblings

The subscriber's niece, nephew, aunt, uncle and cousin do **not** meet the definition of "blood relative". The ITA does not consider individuals to be blood relatives of themselves.

C.1.9. British Columbia Training and Education Savings Grant

The British Columbia Training and Education Savings Grant (BCTESG) is a provincial incentive designed to help families save for their children's post-secondary education. The CESP pays the incentive under a designated provincial program administered by Employment and Social Development Canada (ESDC) through an agreement with the Government of British Columbia. The BCTESG is a $1,200 one-time grant to eligible children born

on or after January 1, 2006. When an eligible child turns 6 years old, the subscriber may be able to apply for the grant.

C.1.10. Business number (BN)

A 15-character alphanumeric code, assigned by the CRA, that identifies the RESP promoter or agent authorized to submit transactions to ESDC.

C.1.11. Canada Child Benefit (CCB)

A tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age.

C.1.12. Canada Child Tax Benefit (CCTB)

The CCTB was a tax-free monthly payment made to eligible families to help them with the cost of raising children who were under the age of 18. The Canada Child Benefit (CCB) replaced the CCTB on July 1, 2016. Included in the CCTB payment was the **National Child Benefit Supplement (NCBS)** for eligible low-income families. For more information, refer to C.1.42. National Child Benefit Supplement (NCBS).

C.1.13. *Canada Education Savings Act* (CESA)

The legislation that authorizes payment of the Basic and Additional CESG and the CLB.

C.1.14. Canada Education Savings Grant (CESG)

An education savings incentive administered by ESDC. The CESG is based, in part, on contributions made to an RESP on behalf of an eligible beneficiary. There are 2 components:

- the basic amount of the CESG (Basic CESG), and

- the additional amount of the CESG (Additional CESG)

For more information on each component, refer to C.1.5. Basic CESG and C.1.2. Additional CESG.

C.1.15. Canada Education Savings Program (CESP)

The directorate within ESDC responsible for administering the education savings incentives available to eligible RESP beneficiaries.

C.1.16. Canada Learning Bond (CLB)

The CLB is an education savings incentive introduced by the Government of Canada in 2004. This incentive is for children from low-income families, and for children in care, born on or after January 1, 2004. The CLB consists of the initial payment and of subsequent CLB payments.

C.1.17. Canada Revenue Agency (CRA)

The federal agency responsible for the administration of RESPs governed under the ITA. The CRA also shares information with ESDC, for the purposes of validating a beneficiary's eligibility for the Additional CESG and the CLB. They will also share information to confirm if a beneficiary is a child in the care of an agency receiving payments under the *Children's Special Allowances Act*.

C.1.18. CESP system

An ESDC electronic application that supports education savings incentives administered by ESDC. It enables the exchange of electronic information between ESDC and its partners such as:

- RESP providers
- the Government of British Columbia
- the CRA
- the SIR

C.1.19. Child in care

A child under the care of an agency (public primary caregiver) that receives payments under the *Children's Special Allowances Act* for that child. For more information, refer to [C.1.51. Public primary caregiver](#).

C.1.20. Children's Special Allowance (CSA)

The CSA is a tax-free monthly payment authorized by the *Children's Special Allowances Act*. It is for a child who is under the age of 18, who physically resides in Canada, and who is under the care of an agency.

C.1.21. Contributions

Money deposited into an RESP by a subscriber. Contributions may be eligible to attract CESG payments. The CESP does not consider payments made into an RESP through a designated provincial program as contributions. They therefore do not attract the CESG. For more information, refer to [C.1.23. Designated provincial program](#).

C.1.22. Custodial parent or legal guardian

Someone that has the legal right to make decisions affecting a child's interests, and has the responsibility of taking care of the child. This could be:

- an individual

- a department

- an agency

- an institution

C.1.23. Designated provincial program

A program defined under the ITA to encourage the financing of children's post-secondary education through savings in RESPs. These programs are established under the laws of a province. They are administered through an agreement between a province and ESDC. In other cases, the province is the

one who administers it themselves. Payments made into an RESP through a designated provincial program are treated the same as federal grants or bonds. Therefore, they do not attract federal grants or bonds themselves. These payments are not considered to be contributions to an RESP. For more information, refer to C.1.21. Contributions.

C.1.24. Education savings incentive(s)

Refers to 1 or all of the education savings assistance programs described within this user guide. This includes:

- Basic CESG

- Additional CESG

- CLB

- BCTESG

C.1.25. Education savings plan (ESP)

A savings vehicle used to save for a child's post-secondary education. More precisely, it is a contract between an individual (the subscriber) and the RESP promoter. The subscriber makes contributions that accumulate tax-free earnings until withdrawn. The RESP promoter agrees to use the accumulated funds to pay EAPs to 1 or more eligible beneficiaries designated by the subscriber. For more information, refer to C.1.56. Registered Education Savings Plan (RESP).

C.1.26. Educational assistance payment (EAP)

A payment from an RESP to help an eligible beneficiary cover expenses associated with post-secondary education. An EAP consists of educational incentive amounts paid into an RESP, as well as income earned on contributions and incentive amounts. The EAP is taxable in the beneficiary's hands. Therefore, the student must include the EAP received that year as income on their income tax return.

C.1.27. Effective date

The date a subscriber opens an RESP; also referred to as "the effective date the plan was entered into".

C.1.28. Eligible beneficiary

A beneficiary of an RESP who meets the eligibility criteria required to receive 1 or more education savings incentives.

C.1.29. Employment and Social Development Canada (ESDC)

The federal department responsible for administering education savings incentives linked to RESPs.

C.1.30. Enrolment (full-time/part-time)

The post-secondary institution determines and defines what constitutes **full-time and part-time enrolment**. For example, if the institution considers them to be enrolled full-time, the CESP will also consider the beneficiary to be attending post-secondary education on a full-time basis.

C.1.31. Error reports

CESP system-generated reports, identifying the field(s) in error. When information submitted to the CESP system is missing or improperly formatted, the CESP system will send those reports to the RESP provider. The RESP provider needs to make the correction and resubmit the information to the CESP system in a subsequent processing period(s). Until then, there could be a delay in the payment of the incentives. There are 2 types of error reports:

RT 800 – Transaction error report indicates that validation has failed or information submitted is missing or incorrectly formatted. The CESP system rejects the record and the RESP provider must correct and resubmit the transaction.

RT 850 – Severe error report identifies severe errors and advises that the CESP system rejected the record. The RESP provider must correct and resubmit the transaction.

C.1.32. Family RESP

An RESP that can have 1 or more beneficiary. Each beneficiary must be connected by blood or adoption to each subscriber under the plan, or have been connected to a deceased original subscriber. An individual can become a beneficiary of a family RESP only if:

- that individual has not yet turned 21, or

- if the individual was, just before joining the family RESP, a beneficiary under another family RESP

A subscriber can only make contributions to family RESPs until a beneficiary turns 31.

C.1.33. Government Telecommunications and Informatics Services (GTIS)

The organization that facilitates the secure exchange of information, via the internet, between organizations (RESP providers and ESDC). This organization is under the management of Public Services and Procurement Canada (PSPC).

C.1.34. Grant room

The amount of CESG to which beneficiaries are eligible. Each year that they are eligible to receive the CESG, they accumulate grant room. This applies even if they have not been named as the beneficiary of an RESP.

C.1.35. Group RESPs

RESPs that operate on a pooling principle, through age cohorts, where the beneficiary named under a contract by a subscriber will receive EAPs when enrolled in a qualifying program. The foundation's actuary will calculate the

contributions to the group plan. The amount and frequency of these contributions usually stay the same as long as the beneficiary has not attained 18 years of age.

Governing rules and requirements may preclude sharing the incentive(s) and/or earnings. Therefore, we recommend that readers refer to the following individual incentive chapters, under the heading related to Receiving and Depositing the incentive:

- [Chapter 5. The Canada Education Savings Grant](#)

- [Chapter 6. The Canada Learning Bond](#)

- [Chapter 7. British Columbia Training and Education Savings Grant](#)

C.1.36. *Income Tax Act* (ITA)

The legislation that governs RESPs – The vehicle used to deposit education savings incentives and save for a beneficiary's post-secondary education.

C.1.37. Individual primary caregiver

The person eligible to receive, but not necessarily in receipt of the CCB for a child, as defined under the ITA. This can be a parent, grandparent, or a guardian.

C.1.38. Individual RESP

A plan with only 1 beneficiary. That beneficiary may or may not be related to the subscriber and can be over 21 when named as a beneficiary. Since subscribers can open plans for themselves, a subscriber can also be the beneficiary of a non-family RESP. A subscriber cannot contribute to a plan after the 31st year that follows the year in which the plan was entered into. It is important to note that it could be an earlier date if amounts have been transferred to the plan from an existing RESP.

C.1.39. Info Source

Info Source is a document published by the Treasury Board of Canada Secretariat. It provides a description of government organizations, program responsibilities and classes of records. It provides sufficient clarity and detail to enable the public to exercise its rights under the *Access to Information Act*. This document is available in libraries, municipal offices and federal government offices across Canada.

C.1.40. Interface Transaction Standards (ITS)

Outlines the procedures for formatting and submitting transactions electronically to the CESP System. A downloadable version of the ITS is available on the Resources for RESP promoters web page under the **Systems documentation** tab.

C.1.41. Managed secure file transfer (MSFT)

An Entrust®-enabled software recognized by ESDC as a secure method of data encryption.

C.1.42. National Child Benefit Supplement (NCBS)

The NCBS (replaced by the Canada Child Benefit (CCB) on July 1, 2016) was a monthly payment issued to modest-income Canadian families with children. It is part of the CCTB, a non-taxable payment designed to help eligible Canadian families with the cost of raising children. For more information, refer to C.1.12. Canada Child Tax Benefit (CCTB).

C.1.43. Non-family RESP

Also known as an individual RESP. For the definition, refer to C.1.38. Individual RESP.

C.1.44. Notional account

Also known as an RESP account. For the definition, refer to C.1.58. RESP account.

C.1.45. Participating RESP promoter

An RESP promoter that is authorized to offer education savings incentive(s).

C.1.46. Post-secondary educational institutions

Educational institutions, recognized by the CRA, offering qualifying educational programs at the post-secondary level. Eligible beneficiaries must attend a qualifying program in a recognized post-secondary educational institution in order to receive EAPs. For more information, refer to C.1.26. Educational assistance payment (EAP).

C.1.47. Primary caregiver (PCG)

A person or organization primarily responsible for the care and upbringing of a child. A primary caregiver (PCG) can be an individual or a public entity. The PCG must provide their information and consent to apply for the CLB and the Additional CESG when the beneficiary is under 18 years old. For more information, refer to C.1.37. Individual primary caregiver and C.1.51. Public primary caregiver.

C.1.48. *Privacy Act*

The legislation that provides all individuals present in Canada access to federal information about themselves. This legislation specifies how the government can collect, use, disclose, and retain personal information. It requires that government institutions develop and maintain an index of personal information holdings called Personal information banks (PIBs). The Act provides the legal framework for protecting personal information, accessing personal information, data matching, and controlling the use of SINs.

C.1.49. Promoter

The RESP promoter sets up a specimen plan, has it approved by the CRA and enters into contracts (ESPs) with its clients. The promoter is responsible for the registration of the ESPs as well as for the general administration of the RESPs. Promoters include financial institutions, such as banks and credit

unions, as well as group plan dealers. They are also referred to as RESP providers. For more information, refer to [C.1.61. RESP provider](#).

C.1.50. Provincial incentive

Grant money paid into the RESP under a designated provincial program administered by ESDC. For more information, refer to [C.1.9. British Columbia Training and Education Savings Grant (BCTESG)](#).

C.1.51. Public primary caregiver

The child-care departments, agencies, institutions and organizations eligible to receive payments under the *Children's Special Allowances Act* for a child in their care. For more information, refer to [C.1.19. Child in care](#).

C.1.52. Qualifying contributions

Contributions made to an RESP that, based on available grant room, have the potential of attracting the CESG if it meets all eligibility criteria. If and when these contributions actually attract CESG payments, we refer to them as assisted contributions. For more information, refer to [C.1.4. Assisted contributions](#).

C.1.53. Qualifying educational program

A course of study that offers credits towards a degree, diploma or occupational skills certificate at the post-secondary level. The program must last at least 3 weeks in a row, with at least 10 hours of instruction or work each week. Programs at foreign universities must last at least 3 weeks, while programs at all other foreign educational institutions must last at least 13 weeks. Qualifying educational programs include apprenticeships, and programs offered by a trade school, CEGEP, college or university. For more information, refer to [C.1.66. Specified educational program](#).

C.1.54. Receiving RESP provider

The person or organization holding the RESP into which the subscriber transfers the property from another plan. Other RESP documents may use the term "transferee" instead of "receiving".

C.1.55. Record type (RT)

A data record that exchanged between the RESP provider's system and the CESP system. There are a series of record types, each identifying a different type of transaction. Definitions of all record types are found in the CESP's ITS. For more information, refer to [C.1.40. Interface Transaction Standards (ITS)](#).

C.1.56. Registered Education Savings Plan (RESP)

An ESP that has been registered with the CRA. It is a savings vehicle used by individuals to save for children's post-secondary education. Once registered, the plan becomes the repository for education savings incentive payments made on behalf of an eligible beneficiary. Earnings in the plan are tax-sheltered. For more information, refer to [C.1.25. Education savings plan (ESP)](#).

C.1.57. Reporting periods

The period, extending from the first to the last day of the same month, over which RESP transactions take place. The RESP promoter has 4 business days after the reporting period to send files for processing by the CESP system. They cannot include any transactions that occurred after the last day of the reporting period.

C.1.58. RESP account

For tracking purposes, a separate account that identifies the value of each monetary component of the RESP, including:

- contributions

- earnings

- CESG

- CLB

- BCTESG

Also referred to as a notional account.

C.1.59. RESP promoter

Also referred to as a promoter. To access the definition, refer to C.1.49. Promoter.

C.1.60. RESP property

All assets in an RESP, including contributions, education savings incentives, and earnings.

C.1.61. RESP provider

RESP promoters, trustees as well as service providers that process electronic transactions. For more information, refer to C.1.49. Promoter and C.1.73. Trustee.

C.1.62. Saskatchewan Advantage Grant for Education Savings (SAGES)

The Saskatchewan Advantage Grant for Education Savings (SAGES) is a provincial grant introduced in 2013 for eligible children residing in Saskatchewan. It was cancelled by the Government of Saskatchewan in the 2022 to 2023 budget. For more information relating to this cancellation, refer to Chapter 8. Saskatchewan Advantage Grant for Education Savings.

C.1.63. Sending RESP provider

The person or organization holding the original RESP before they transfer the property to another plan.

C.1.64. Siblings-only family RESP

A family RESP in which every beneficiary is a sibling of every other beneficiary.

C.1.65. Spouse

The cohabiting spouse or common-law partner of the primary caregiver, consistent with the meaning assigned in section 122.6 of the *Income Tax Act*. If this person separates from the primary caregiver for more than 90 days because of a breakdown in the relationship, they are no longer considered a spouse.

C.1.66. Specified educational program

A program at a post-secondary school level that is not less than 3 consecutive weeks in duration. It also requires each student taking the program not to spend less than 12 hours per month on courses in the program. For more information, refer to C.1.53. Qualifying educational program.

C.1.67. Specified plan

A specified plan is a single beneficiary RESP in which the beneficiary is:

- an individual who meets the conditions
- is entitled to a disability tax credit

This applies until the end of the year that is the 31st year following the year in which the plan was opened. After the end of the 35th year following the year in which the plan was entered into, a specified plan must not permit another individual to be designated as a beneficiary. Subscribers cannot make contributions to a specified plan after the 35th year following the year the plan was entered into. This excludes transfers from another plan. The subscriber must terminate the plan by the end of the 40th year after the year the subscriber opened the plan.

C.1.68. Subscriber

The individual who enters into an RESP contract with an RESP promoter. The subscriber will also name 1 or more beneficiaries for whom they will make contributions. Typically, the subscriber is the child's parent or parents, but it can also be a grandparent, another family member, or a family friend. A beneficiary can also be the subscriber of their own RESP.

C.1.69. Termination adjustment transaction

Adjustment transactions, submitted by RESP promoters when they terminate a contract. That transaction will inform ESDC of a shortfall (due to losses in the plan) in covering the total grant or bond liability of the contract. ESDC must receive a repayment transaction due to contract termination (transaction type 21) for each termination adjustment transaction. For more information, refer to C.1.71. Transaction type.

C.1.70. Transaction ID

A unique identifier assigned to each transaction by the RESP promoter.

C.1.71. Transaction type

The 2-digit number following the record type (RT), which further categorizes the type of transaction submitted to the CESP system. For more information, refer to C.1.55. Record type (RT).

C.1.72. Transfer transactions

Transactions that record the transfer of funds from 1 RESP to another. The RESP promoter reports those transfers to the CESP system as RT 400-19 (transfer in) or as RT 400-23 (transfer out) records. For more information, refer to C.1.55. Record type (RT).

C.1.73. Trustee

A trust company licensed in Canada to hold funds and hired by the RESP promoter to manage RESP funds. The trustee invests, administers and

distributes the money deposited into the RESP as per the promoter's instructions. In some cases, the same organization acts as both promoter and trustee. For more information, refer to [C.1.61. RESP provider](#).

C.1.74. Unassisted contributions

A contribution made to an RESP for which the CESP system has not paid any CESG.

Appendix D. Registered Education Savings Plan provider user guide – Forms index

From: [Employment and Social Development Canada](#)

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the [RESP page](#).

On this page

- [Introduction](#)

- [D.1. Forms](#)

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

Introduction

The content for a summary of all forms in the Appendix D has been removed due to duplication of information. For more information on where to find forms and how to apply for education savings incentives, refer to section [D.1. Forms](#).

D.1. Forms

You can download the education savings incentives application forms and the transfer form from the **Forms** tab of the [Resources for RESP promoters](#) web page.

To obtain instructions on how to complete the application forms, refer to [Appendix A. Application forms - Education savings incentives](#).

Appendix E. Registered Education Savings Plan provider user guide – Understanding error codes

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

- List of acronyms
- Introduction
- E.1. Background information
- E.2. Error codes

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

BN

Business number

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

EAP

Educational assistance payment

ESDC

Employment and Social Development Canada

ITS

Interface Transaction Standards

PCG

Primary caregiver

RESP

Registered Education Savings Plan

RT

Record type

SAGES

Saskatchewan Advantage Grant for Education Savings

SIN

Social Insurance Number

SIR

Social Insurance Registry

Introduction

The Canada Education Savings Program (CESP), within Employment and Social Development Canada (ESDC), is responsible for administering the following education savings incentives:

- Canada Education Savings Grant (CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

Those are available to eligible beneficiaries of Registered Education Savings Plans (RESPs).

This appendix explains the reasons for error codes when the CESP system does not accept transactions submitted by RESP providers. It also provides information for possible means to resolve them

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

E.1. Background information

This document provides information to help RESP providers understand error codes. For more technical information, consult the Interface Transaction Standards (ITS). The ITS can be downloaded from the [Resources for RESP promoters](#) web page under the **Systems Documentation** tab.

E.1.1. What is an error code

An error code is a 4-digit code. It indicates why the CESP system has not accepted a transaction sent by an RESP promoter.

E.1.2. How are error codes reported to promoters

The CESP system reports transaction errors in monthly error report files (.err) sent to promoters. Each rejected transaction generates a corresponding record type 800 transaction that references the original promoter transaction identifier. It also generates the name of the field in error.

E.1.3. How does an error code differ from a refusal reason

The CESP system can reject transaction. This will happen if the CESP system can't process an RESP transaction sent by a promoter, due to an error in the transaction information. In these cases, the promoter will receive a corresponding record type 800 transaction with an error code. This will indicate why the CESP system didn't process the transaction. Promoters must investigate error codes and resubmit new transactions with the corrected information.

Transactions successfully processed by the CESP system won't generate error codes. However, a processed transaction will receive a refusal reason if the CESP doesn't pay the full amount of grant or bond.

E.1.4. Using this document

This document lists:

- error codes

- the corresponding ITS description, and

- explanations

E.2. Error codes

E.2.1. 1004 – Transaction is for a future reporting period

Error code 1004: The CESP system generates this error code when the transaction date reported in a record type (RT) is for a future reporting period. This applies to:

- RT 100

- RT 200

- RT 400

- RT 411

- RT 511

The transaction date refers to the date on which the transaction occurred between the subscriber and the promoter.

Resolution: Promoters report all transactions in a reporting period following the end of the period in which the transaction occurred. Reporting periods extend from the first day of the month to the last day of the same month. Promoters have 4 business days after the reporting period ends to finalize their files. Promoters should not submit transactions with a transaction date following the last day of the reporting period.

Should there be system related problems; the promoter is to contact the CESP directly.

E.2.2. 1005 – Specimen plan does not exist

Error code 1005: The CESP system generates this error code when the promoter submits a specimen plan ID that does not exist in the CESP system. This error code applies to:

- RT 100

- RT 200

- RT 400

- RT 411

- RT 511

Resolution: Promoters should first verify the specimen plan ID submitted to the program before the CESP system processes any transactions.

E.2.3. 1007 – Specimen plan is not approved for CESG

Error code 1007: The CESP system generates this error code when the Canada Revenue Agency (CRA) didn't approve the specimen plan for the CESG. The CRA must approve the specimen plan for CESG if:

- transaction type is 11 or 14

- transaction type is 13 and educational assistance payment (EAP) grant amount is greater than 0

- transaction type is 19, 21, 22, or 23 and grant amount is greater than 0

Resolution: The CESP system will only accept specimen plans that CRA has approved. When a promoter secures a new specimen plan ID from the CRA, the promoter should contact CESP as soon as possible. This will allow the CESP to update the database accordingly before any processing of transactions under the new specimen plan ID.

E.2.4. 1008 – Specimen plan is not approved for CLB

Error code 1008: The CESP system generates this error code when the CRA didn't approve the specimen plan for CLB. The CRA must approve the specimen plan for CLB if:

- transaction type is 13 and EAP CLB amount is greater than 0

- transaction type is 19, 21, 22, or 23 and CLB amount is greater than 0

- transaction type is 24

Resolution: The CESP system will only accept in their database specimen plans that CRA has approved. When a promoter secures a new specimen

plan ID from the CRA, the promoter should contact CESP as soon as possible. This will allow the CESP to update the database accordingly before any processing of transactions under the new specimen plan ID.

E.2.5. 1010 – Contract is not individual/sibling only

Error 1010: The CESP system generates this error code when a contract is not "individual/sibling only". This only applies to the following record type:

- RT 400-24

- RT 411-40

- RT 511-12

Resolution: The promoter should submit/resubmit the RT 100 for these contracts with an individual/sibling only flag of "1" to the program. If the promoter never submitted the RT 100 to the CESP system, they can use the contract creation date as the contract transaction date. This can be done, as long as the contract held an "individual/sibling only" status upon account creation. If the promoter already submitted an RT 100, the resubmission of this contract record with the individual/sibling only flag of "1" requires a current version status. The contract date that the promoter will use should be greater or equal to the date previously reported. This will allow the contract record to get a current version status. The promoter can then resubmit all financial transactions that previously received error code 1010 along with the RT 100 resubmission(s).

   Note: that financial transactions with a transaction date that precedes its associated contract transaction date won't qualify for payment.

E.2.6. 1011 – Sender is not authorized to submit transactions with CESG content

Error code 1011: The CESP system will generate this error code because senders must be authorized to submit transactions with CESG content if:

- transaction type is 11 or 14

- transaction type is 19, 21, 22, or 23 and grant amount is greater than 0

- transaction type is 13 and EAP grant amount is greater than 0

Resolution: To become authorized, the promoter must meet the requirements of a qualification process. Once completed, the CESP will add them to the CESP system. The promoter must then pass industry testing with an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those senders must pass industry testing with their own data.

E.2.7. 1012 – Sender is not authorized to submit transactions with CLB content

Error code 1012: The CESP system will generate this error code because sender must be authorized to submit transactions with CLB content if:

- transaction type is 24

- transaction type is 19, 21, 22, or 23 and CLB amount is greater than 0

- transaction type is 13 and CLB EAP amount is greater than 0

Resolution: To become authorized, the promoter must meet the requirements of a qualification process. Once completed, the CESP will add them to the CESP system. The promoter must then pass industry testing. They need an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those senders must pass industry testing with their own data.

E.2.8. 1013 – Sender is not authorized to submit transactions with Alberta grant content

Error code 1013: The CESP system will generate this error because sender must be authorized to submit transactions with Alberta grant content if transaction type is 25.

Resolution: Alberta grant requests and Alberta grant request reversals are no longer accepted by the CESP system.

E.2.9. 1014 – Sender is not authorized to submit transactions with Additional CESG content

Error code 1014: The CESP system will generate this error because sender must be authorized to submit transactions with Additional CESG content if:

- transaction type is 11 and primary caregiver (PCG)/spouse is present

- transaction type is 11 and PCG/spouse given name is present

- transaction type is 11 and PCG/spouse surname is present

- transaction type is 11 and PCG/spouse type is present

- transaction type is 12

Resolution: To become authorized, the promoter must meet the requirements of a qualification process. Once completed, the CESP will add them to the CESP system. The promoter must then pass industry testing. They need an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those senders must pass industry testing with their own data.

E.2.10. 1015 – Sender is not authorized to submit transactions with Saskatchewan Advantage Grant for Education Savings content

Error code 1015: The CESP system will generate this error because senders must be authorized to submit transactions with Saskatchewan Advantage Grant for Education Savings (SAGES) content if transaction type is 30 or 31.

Resolution: SAGES request and Cancel SAGES request are no longer accepted by the CESP system.

E.2.11. 1017 – Sender is not authorized to submit transactions with BCTESG content

Error code 1017: The CESP system will generate this error code because senders must be authorized to submit transactions with BCTESG content if:

- transaction type is 40 or 41

- transaction type is 19, 21, 22, or 23 and BCTESG amount is greater than 0

- transaction type is 13 and EAP BCTESG amount is greater than 0

Resolution: The CESP will only accept approved specimen plans in their database. When a promoter **either** secures a new specimen plan ID **or** amends an existing specimen plan with the CRA, the promoter should contact CESP as soon as possible. This will allow the CESP to update the database accordingly before any processing of transactions under the new **or amended** specimen plan ID.

E.2.12. 1018 – Specimen plan is not approved for BCTESG

Error code 1018: The CESP system will generate this error code when the specimen plan has not been approved for BCTESG. The CRA must approve the specimen plan for BCTESG if the following transactions are being submitted for processing:

- transaction type 40 or 41

- transaction type 13 and EAP BCTESG amount is greater than 0

- transaction type 19, 21, 22 or 23 and BCTESG amount is greater than 0

Resolution: The CESP will only accept approved specimen plans in their database. When a promoter secures a new specimen plan ID from the CRA, the promoter should contact CESP as soon as possible. This will allow the CESP to update their database accordingly before any processing of transactions under the new specimen plan ID.

E.2.13. 2027 – Transaction date precedes beneficiary birth date

Error code 2027: The CESP system will generate this error code on:

- RT 200-03

- RT 400

- RT 411

- RT 511

For RT 400, this will apply specifically to transaction types 11, 13, 14 and 24. It will also apply for transaction type 21 if the CLB amount is greater than 0.

The transaction date represents the date the activity (financial or other) occurred between the promoter and the subscriber of the RESP.

Resolution: The transaction date must be on or after the beneficiary's date of birth. The promoter should correct the transaction date and resubmit the transaction.

E.2.14. 2033 – Transaction date must be before beneficiary's 21st birthday

Error code 2033: The CESP system will generate this error code because the transaction date must be before beneficiary's 21st birthday. This applies if the transaction type is 24.

Resolution: When transaction type is 24, the transaction date must be before the beneficiary's 21st birthday. The promoter should correct the transaction date and resubmit the transaction.

E.2.15. 3006 – Amount must be greater than 0

Error code 3006: The CESP system will generate this error code on RT 400, in transaction types:

- 11

- 13

- 14

The contribution amount, EAP amount, and PSE amount must be a numeric value from 0.01 to 9,999,999.99.

Resolution: The amount indicated in the contribution, the EAP or the PSE contribution withdrawal fields must be a number between 0.01 and 9,999,999.99. The promoter should correct the amount and resubmit the transaction.

E.2.16. 3099– Amount is out of range

Error code 3099: The CESP system will generate this error code on RT 400. It will specifically generate it on the grant amount, EAP grant amount, CLB amount and CLB EAP amount fields.

CLB amount – If the promoter enters an amount, dollar value must be 0.00 to 20,000 if transaction type = 19, 23 or 22.

CLB amount – If the promoter enters amount, dollar value must be 0.00 to 5,000.00 if transaction type = 21.

CLB EAP amount – If the promoter enters an amount, dollar value must be 0.00 to 5,000.00 if transaction type = 13.

When the following fields are mandatory, they must be populated with a numerical value from 0.00 to 9,999,999.99:

- grant amount

- EAP grant amount

- BCTESG amount, and

- BCTESG EAP amount

Resolution: For transaction types 19, 22 or 23, the CLB amount must be between 0.00 and 20,000.00. For transaction type 21, the CLB amount must

be between 0.00 and 5,000.00. For transaction type 13, the CLB EAP amount must be between 0.00 and 5,000.00. Grant amounts, EAP grant amounts, BCTESG amounts and BCTESG EAP amounts must be between 0.00 and 9,999,999.99 when mandatory. The promoter should correct the amount in error and resubmit the transaction.

E.2.17. 5025 – Contribution transaction has been reversed – invalid status

Error code 5025: The CESP system will generate this error code because the contribution the promoter is referring to has been reversed.

Resolution: The CESP system cannot process this transaction.

E.2.18. 5026 – Error in contribution transaction, current transaction cannot be processed

Error code 5026: The CESP system will generate this error code because of an error in the contribution transaction. This means that the CESP system can't process the transaction referring to the contribution.

Resolution: The promoter must correct the error in the contribution transaction before they submit an updated transaction.

E.2.19. 5027 – Unable to locate the contribution transaction

Error code 5027: The CESP system will generate this error code when a transaction refers to a contribution that isn't found in the CESP system.

Resolution: If the contribution transaction does not exist in the system, It's not possible to process a transaction that refers to the contribution.

E.2.20. 5028 – Date of contribution transaction must be later than December 31, 2004

Error code 5028: Date of contribution transaction must be later than December 31, 2004.

Resolution: The contribution transaction date must be later than December 31, 2004. The promoter must correct the date and resubmit.

E.2.21. 5029 – PCG/spouse information is same as in contribution transaction received in the same period – No processing performed

Error code 5029: PCG/spouse information is same as in contribution transaction received in the same period – No processing performed.

Resolution: The following fields must be different for the system accepts the transaction:

- promoter business number (BN)

- specimen plan ID

- contract ID

- PCG/spouse

- PCG/spouse given name

- PCG/spouse surname

- PCG/spouse type

E.2.22. 5030 – Contribution transaction did not request grant

Error code 5030: To request Additional CESG, the original contribution transaction (RT 400-11) must request grant.

Resolution: The original contribution transaction must request CESG. The promoter must correct and resubmit.

E.2.23. 5031 – Contribution transaction date is later than specimen plan eligibility end date

Error code 5031: The contribution transaction date must be earlier than the specimen plan eligibility end date.

Resolution: The promoter must correct the contribution transaction date and resubmit.

E.2.24. 5032 – A more recent PCG/spouse information transaction is already associated to the contribution

Error code 5032: A more recent PCG/spouse information transaction is already associated to the contribution.

Resolution: Additional CESG transactions could receive a refusal reason of I, L or M. If that is the case, the PCG/spouse information should be updated (through another RT 511) by using a **later date** than the previously submitted RT 511. If Additional CESG refusal reason is 4, the PCG should correct the beneficiary information at the CRA. You can refer to the "beneficiary matching report for refusal reason 4" for unmatched fields. Once that is done, you can submit the RT 511 (with same PCG/spouse information) with a **later date** than the previously submitted RT 511.

E.2.25. 5033 – Late contribution transaction

Error code 5033: The promoter is submitting an RT for an RT 400-11 transaction that is no longer eligible for additional grant due to 3 year rule. The transaction date of the RT 400-11 and file sent date of the RT 511 exceed 36 months.

Resolution: There can be no more than 36 months between the RT 400-11 transaction date and the RT 511 sent date. The promoter must correct and resubmit.

E.2.26. 6000 – Physical file name does not correspond to file name in header record

Error code 6000: The CESP system will generate this error code when a discrepancy occurs. The discrepancy is between the file name sent by the promoter and the header record within the file. As outlined in the ITS, the physical naming of a file must follow the proceeding format:

Header to CESP**: 001 + sender business number (BN) + date sent + sender file number**

For further information on file naming conventions, we recommend that you refer to the [File naming standards](#) section of the ITS

The combination of sender BN, date sent, and file number must match in both the file name and the header record.

Please contact the [Canada Education Savings Program - General inquiries](#) directly for any systems problems relating to the structure of files and records.

Resolution: The physical file name and the header record (the first record in the file) must be the same. This is excluding the file type in the header record. The promoter must correct and resubmit.

E.2.27. 6001 – Incorrect format of physical file name

Error code 6001: The CESP system will generate this error code for an incorrect file name. This will occur when the physical file name does not adhere to the file naming standard outlined in the [File naming standards section of the ITS](#). The physical file name must be displayed to CESP in the format as follows:

File type + sender BN + date sent + sender file number

The file type is a single uppercase character that indicates the type of file the promoter is submitting:

- P = Production data file

- S = Summary reporting file

- T = Test data file

- Z = Test summary reporting file

The promoter BN must be a 15-character alphanumeric field.

The date sent format is: YYYYMMDD.

The file number is a 2-digit number assigned by the sender to distinguish between multiple files sent to CESP on the same day. If the sender sends 1 file in a day, the sender must still use a file number. The file number does not need to follow a strict sequence.

Resolution: The physical file name must adhere to the file naming standard. The promoter must rename the file and resubmit.

E.2.28. 6002 – Duplicate record with same file name found in database

Error code 6002: The combination of sender BN, date sent and sender file number submitted by the sender must be unique. The CESP system will reject a file when it has already received and processed the same combination. A promoter can repeat a file number, providing the date sent is different. Also, the sender can submit 2 or more files on the same day and with the same date sent. However, each file needs to have its own unique file number.

Resolution: File names must be unique. The promoter must rename the file per the file naming standard while making sure that it has its own unique number and resubmit.

E.2.29. 6003 – No header record

Error code 6003: The CESP system will generate this error code when it receives a file without a header record (RT 001). The header record is mandatory to identify the source of a transaction file. Should there be any system related problems regarding generating a proper header record, the sender/promoter is to contact CESP immediately.

Resolution: The promoter must include a header record in the file. The promoter must add a header record and resubmit.

E.2.30. 6005 – Too many header records in 1 file

Error code 6005: The CESP system will generate this error code when the promoter submits more than one RT 001 in 1 file. Each file must have 1 and only 1 RT 001.

Resolution: The promoter must remove the surplus header record and resubmit the file.

E.2.31. 6006 – This BN is not authorized to send files

Error code 6006: The CESP system will generate this error code when there is an issue with the sender BN. This occurs when the CESP system does not recognize the sender BN referenced in the record system as being authorized to send files. The sender BN is a 15 character alphanumeric identifier unique to each promoter conducting business with CESP.

To become authorized, the promoter must meet the requirements of a qualification process and the CESP must add them to the CESP system. The promoter must then pass industry testing with an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those senders must pass industry testing with their own data.

Resolution: Verify that the promoter uses the right BN. If it is indeed a new BN that and the CESP system didn't test it, the promoter must contact the CESP to begin industry testing.

E.2.32. 6010 – Record count does not match the number of records in file

Error code 6010: The CESP system will generate this error code when there's an issue with the record count. This happens when the number of records in a file does not match the record count as submitted in the RT 999-Trailer record. The trailer record is also referred to as the transaction control count. It must include in its record count the total number of

transactions (RT 100, RT 200, RT 400, RT 411 etc.), including the header, sub-header and trailer record.

Resolution: The number of records in the file must be the same as the record count in the trailer record. The promoter must correct and resubmit.

E.2.33. 6011 – Too many trailer records in file

Error code 6011: The CESP system will generate this error code when the promoter submits more than one RT 999 in a file. Each file must have one, and only one, RT 999.

Resolution: The promoter must remove the surplus trailer record and resubmit the file.

E.2.34. 6012 – No trailer records in file

Error code 6012: The CESP system will generate this error code when a promoter submits a file without a trailer record (RT 999). The trailer record is mandatory in each file submitted by the sender. We use it to provide CESP and the promoter's system with a control count of the number of records in each file.

Resolution: The promoter must include a trailer record in the file. The promoter must add a trailer record and resubmit.

E.2.35. 6014 – The data version in header does not match the current version

Error code 6014: The CESP system will generate this error code when the data version in the file isn't the current version. The data version is a mandatory field of the header record (RT 001). It must be populated with the current version number of the ITS in order for the CESP system to process it successfully.

Resolution: The data version indicated in the file must be the most current version of the ITS. The promoter must correct and resubmit.

E.2.36. 6015 – Trailer record not last in file

Error code 6015: The CESP system will generate this error code when there's another character or transaction found after the trailer record (RT 999). The RT 999 must be the last record in each file. It must also contain an accurate control count or the CESP system will reject the file.

Resolution: The trailer record must be the last record in the file. The promoter must delete all additional spaces or characters that may be after the trailer record and resubmit.

E.2.37. 6016 – Header record not the first record in the file

Error code 6016: The CESP system will generate this error code when there's another character or transaction found before the header record (RT 001). The RT 001 must be the first record in each file or the CESP system will reject the file.

Resolution: The header record must be the first record in the file. The promoter must delete all additional spaces or characters that may be before the header record and resubmit.

E.2.38. 7000 – Invalid date

Error code 7000: Error code 7000 is most commonly generated for one of the following reasons:

1. the date field in error isn't submitted in a valid date format. This applies to:

    - RT 100

    - RT 200

    - RT 400

    - RT 411

    - RT 511

2. the year of birth submitted does not match the year of birth already established for the beneficiary in the CESP system for the beneficiary

If the CESP system generates this error, it won't send the beneficiary information to the Social Insurance Registry (SIR) for validation.

Note: For error code 7000, the CESP system won't not populate the 5 SIR fields in the record type 900 Transaction error report. This is because the CESP system rejects the transaction before it is sent to SIR for validation.

Resolution:

1. the CESP system requires that all dates be formatted YYYYMMDD, numerals only without delimiters such as spaces or punctuations. The promoter needs to make sure the date they submit is formatted as outlined in the [File naming standards](#) section of the ITS

2. if the birth date format is correct, the promoter should verify the birth date on their records. They should contact the custodial parent and/or subscriber of the RESP. Should the custodial parent and/or subscriber confirm the date of birth is accurate, the promoter should direct them to contact the SIR

An error code 7000 received on a 200-03 beneficiary information transaction should be perceived as similar to an error code 7006-Invalid SIN. The year of birth that the promoter is submitting does not correspond with the year of birth already validated by SIR.

The CESP system will not send the remaining 4 fields (given name, surname, gender, and SIN) to SIR for validation. Therefore, the CESP recommend advising the subscriber/custodial parent that they should verify all 5 fields.

There are a very small number of 7000 errors received on the 200-03 beneficiary information transaction that require manual intervention on the part of the program. Your promoter support officer is responsible to review monthly any "potential" manual fixes for your company. However, should you have concern that a 7000 error received requires manual intervention, please contact your promoter support officer.

E.2.39. 7001 – Invalid value

Error code 7001: Informs promoters that a transaction used an invalid value. This is a common error when promoters submit a financial transaction (RT 400). This happens when they use a beneficiary SIN that isn't currently established in the CESP system. A beneficiary SIN would not be established in the CESP system for the following reasons:

1. the promoter never submitted the RT 200-03 beneficiary information transaction

2. the promoter did submit the RT 200-03 beneficiary information transaction but the CESP system rejected it with an error code

3. the beneficiary SIN is no longer valid in the CESP system

Resolution:

1. if you haven't submitted a 200-03 Beneficiary information transaction:

   - please submit a 200-03 in the following production run. The promoter can submit the financials in the same month for processing

2. if you've submitted a 200-03 beneficiary information transaction and received an error code:

   - check the error reports returned by the CESP to verify why the RT 200-03 didn't process successfully. The error report will provide the error that the CESP system generated on the RT 200-03, as well as the field that was in error. The promoter should correct this error and resubmit the RT 200-03. The promoter can then resubmit the financial transactions (RT 400) for processing in the same file as the correct RT 200-03

3. if you've already successfully submitted a 200-03 beneficiary information transaction:

- the CESP validates, on a monthly basis, the usability of the SIN for all beneficiaries already established in the system. The SIN validation report (RT 920) notifies promoters when beneficiaries have SIN issues. There could be instances in which a permanent SIN replaces an expired 900 series SIN. Since there was a change to the beneficiary SIN information, the beneficiary SIN in the CESP system will become a linked SIN. This will show as a SIN Issue 3 in RT 920 and the CESP system will reject financial transactions (RT 400) that the promoter submits using the original SIN. The promoter will receive an error code 7001 on the report. The promoter must submit a new RT 200-03 beneficiary information transaction to the CESP with the updated beneficiary SIN. The promoter must then resubmit all financial transactions (RT 400) rejected with an error code 7001

E.2.40. 7002 – Invalid transaction type

Error code 7002: The CESP system will generate this error code on:

- RT 100

- RT 200

- RT 400

- RT 411

- RT 511

It will occur when the transaction type referenced in the record isn't supported by the CESP system or isn't valid for the given record type.

Resolution: Only use valid transaction types as per ITS. The promoter must correct and resubmit.

E.2.41. 7005 – Data is missing from field

Error code 7005: The CESP system will generate this error code when data is missing from a mandatory field. When submitting a record to CESP, all mandatory fields, as per the ITS, must be filled. This applies to the following:

- RT 001

- RT 100

- RT 200

- RT 400

- RT 411

- RT 511

- RT 999

Please refer to the Interface Transaction Standards document to identify mandatory fields for each RT. Should the promoter leave any mandatory fields empty, the transaction will reject.

Resolution: Make sure that you populate all mandatory fields before submitting transactions to the CESP system.

E.2.42. 7006 – Invalid SIN

1. **Error code 7006**: the CESP system commonly generate this error code on RT 200-03 "Beneficiary Information". This occurs when the information in one or more of the 5 fields that the promoter submits does not match what SIR has on file. The 5 fields verified with SIR are: SIN, given name, surname, gender, and date of birth. The CESP system will note any and all fields that the SIR rejects in the error report returned to the promoter by the CESP

2. The CESP system will also return an "invalid SIN" error if the beneficiary's SIN isn't numerically valid. ESDC uses a mathematical formula to determine the validity of the composition of a SIN. This

occurs before the CESP system sends the beneficiary's information to SIR. Therefore, if the "invalid SIN" error is due to the SIN not being numerically valid, no information will appear in the 5 fields returned in the error report

3. A promoter may receive an error code 7006 – invalid SIN even though all 5 fields are designated with a "1" – passed SIR validation. This situation may occur where there was a change to a SIN or the SIN was linked to another SIN at SIR

   Resolution: 1 and 2. Determine which field is in error and verify the information with the subscriber of the RESP. The promoter would know which fields are in error by looking in the error report. Should the subscriber confirm that the information is correct; the promoter should refer the subscriber to SIR.

   Note: SIR will only discuss information held in their database with the beneficiary's custodial parent. Once the custodial parent corrects the information, the promoter should resubmit the transaction.

4. Where the promoter receives an error code 7006 – invalid SIN, but all 5 fields are designated with a "1" – passed SIR validation, the promoter should contact the subscriber and/or custodial parent. The promoter would need to verify if the beneficiary's SIN has changed for any reason since initially provided. Should the subscriber/custodial parent confirm that they have changed the beneficiary's SIN, the promoter must submit a new RT 200-03 – beneficiary information. The promoter must submit the information with the new SIN for each contract and specimen plan held for that beneficiary

The promoter should also contact the CESP to advise that a new SIN is being submitted for the beneficiary. They could then discuss any further transactions that they may need to submit to update the beneficiary's accounts.

E.2.43. 7008 – Promoter is not associated with the specimen plan

Error code 7008: The CESP system will generate this error code on:

- RT 100

- RT 200

- RT 400

- RT 411

- RT 511

It will happen in situation where the CESP system does not recognize the specimen plan ID referenced as belonging to the promoter.

The specimen plan ID is a numeric identifier assigned to the promoter by the CRA.

To become authorized, the promoter must meet the requirements of a qualification process and the CESP must add them to the CESP system database.

The promoter must then pass industry testing with an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those promoters must pass industry testing with their own data.

Resolution: If the promoter indicated the specimen plan in error, the promoter must correct and resubmit. If the specimen plan is new to the promoter, the promoter must contact CESP to initiate industry testing.

E.2.44. 7017 – Date of financial transaction must be later than December 31, 1997

Error code 7017: The CESP system will generate this error code on RT 400 with a transaction date that is before 1998. The CESP was announced in the February 1998 Budget and only maintains records of RESP activity that occurred on or after January 1, 1998.

Resolution: The transaction date must be after December 31, 1997. The promoter must correct and resubmit.

E.2.45. 7018 – Date is earlier than original transaction date

Error code 7018: The CESP system will generate this error code on an RT 400. This will happen when the transaction date of the RT 400 reversal is before the date of the original transaction. The transaction date must be on or after the original transaction date if the reversal flag = 2.

Resolution: Make sure that the date of the transaction you intend to reverse is on or after the transaction date of the original transaction.

E.2.46. 7020 – Error in original transaction, current transaction cannot be processed

Error code 7020: The CESP system will generate this error code on financial transaction. This situation will happen when the promoter attempts to submit reversals for financial transactions that the CESP system didn't process successfully. The CESP system didn't process successfully the RT 400 "Original promoter transaction ID" field that the promoter is referencing to in the RT 400 reversal.

Resolution: Verify that the CESP system did process the original promoter transaction ID you wish to reverse.

E.2.47. 7021 – Original transaction and its reversal were found in the same processing period – No processing performed

Error code 7021: The CESP system will generate this error code when the promoter submits a reversal and its' original transaction in the same processing period. The CESP supports corrections to financial transactions (RT 400) by submitting a transaction to reverse the original transaction. The promoter then needs to resubmit another transaction with the corrected information. The reversal transaction indicates that the transaction and amounts reported didn't actually occur as reported. A reversal transaction must always include the promoter BN and transaction ID from the original

RT 400 transaction that they want to reverse. If the promoter submits the original transaction and the reversal in the same processing period, the system will reject both and no processing will occur.

Resolution: No processing occurs when the system generates this error. In that case, promoters need only to submit a transaction with the correct information in the following production run.

E.2.48. 7022 – Unable to locate the original transaction

Error code 7022: The CESP system will generate this error code on transaction ID. This will happen when the CESP system can't match or find the original promoter transaction ID that the promoter refers to in a reversal. This occurrence is commonly due to the promoter never submitting an original transaction or the CESP system rejecting it.

The CESP system supports corrections to RT 400-Financial transactions by submitting a transaction to reverse the original transaction. The promoter must then resubmit another transaction with the corrected information. A reversal indicates that the transaction and amounts reported didn't actually occur as reported. A reversal transaction must always include the promoter BN and transaction ID from the original RT 400 transaction the promoter wants to reverse.

Resolution: Verify the original promoter transaction ID and original promoter BN that the promoter referred to in the reversal. Ensure that the CESP system has received and successfully processed the original transaction.

E.2.49. 7023 – The status of the original transaction is invalid

Error code 7023: The CESP system will generate this error code when the original promoter transaction ID isn't in "processed" status. To process a reversal, the original transaction must have a "processed" status in the CESP system. If the original transaction has already been reversed, the subsequent reversal will raise error code 7023. The CESP system supports corrections to RT 400 Financial transactions by submitting a transaction to

reverse the original transaction. The promoter must then resubmit the corrected information. A reversal indicates that the transaction and amounts reported didn't actually occur as reported. A reversal transaction must always reference the original RT 400 transaction that the promoter wishes to reverse. The promoter will do so by referencing the promoter BN and transaction ID that appears on the original transaction.

Resolution: The promoter will confirm the status of the original transaction that they intend to reverse before submitting a transaction reversal.

E.2.50. 7030 – Sender not authorized to send data for the specimen plan

Error code 7030: The CESP system will generate this error code in relation to a sender's BN. This happens when a sender BN specified in the header record isn't authorized to send data pertaining to that specimen plan ID. The specimen plan ID is a numeric identifier assigned to the promoter by the CRA.

Resolution: To become authorized, the sender/promoter must meet the requirements of a qualification process and the CESP must add them to the CESP system. The sender must then pass industry testing with an overall success rate of 90% or greater before submitting files for processing. A service provider could send files on behalf of multiple promoters. In that case, each one of those promoters must pass industry testing with their own data.

E.2.51. 7031 – Beneficiary is not associated with the specimen plan

Error code 7031: The CESP system will generate this error code on:

- RT 400

- RT 411

- RT 511

This will happen when the CESP system is unable to process one of those records because the beneficiary is not associated with the specimen plan identified in the specimen plan ID field of the transaction. The beneficiary would not be associated with the specimen for any of the following reasons:

1. the promoter didn't submit the RT 200-03 Beneficiary information transaction

2. the promoter did submit the RT 200-03 Beneficiary information transaction but it was rejected for an error

3. the promoter did submit the RT 200-03 Beneficiary information. The CESP system did process the transaction. However, the specimen plan ID given in the RT 400 didn't correspond with the specimen plan ID in the RT 200-03

Resolution: If you haven't submitted an RT 200-Beneficiary information:

1. please submit an RT 200-03 in the following production run. You can submit the financials in the same month for processing

If you've submitted an RT 200-03 Beneficiary information transaction:

2. check the error reports returned by the CESP system to verify why the RT 200-03 didn't process successfully. The error report will provide the error on the RT 200-03, as well as the field that was in error. The promoter should correct this error and resubmit the RT 200-03. The promoter can then submit the financials for processing

3. check the processing reports returned by the CESP system to verify the specimen plan ID given in the RT 200-03 beneficiary information transaction. Make sure that this specimen plan ID corresponds with the specimen plan ID submitted in the RT 400

E.2.52. 7032 – Beneficiary is not associated to a CLB account

Error code 7032: The CESP system will generate this error code on RT 400. This error is in relation to transaction type 13, 19, 21, 22, and 23. A request

for CLB amount or CLB EAP amount is made and the beneficiary does not have a CLB account.

Resolution: The beneficiary must have a CLB account. The promoter must correct and resubmit.

E.2.53. 7033 – The SIN or BN is not numerically valid

Error code 7033: Occurs when the SIN or BN is not numerically valid. ESDC uses a mathematical formula to determine the validity of the composition of a SIN. This occurs before the CESP system sends the beneficiary's information to SIR.

Resolution: Resubmit transaction with a correct SIN or BN.

E.2.54. 7034 – Transaction date must be on or after January 1, 2004

Error code 7034: The CESP system will generate this error code if:

- the transaction date is before January 1, 2004 if the transaction type is 24

- the transaction date is before January 1, 2004 if transaction type is 19, 21, 22 or 23 and CLB amount is greater than—0

- the transaction date is before January 1, 2004 if transaction type is 13 and CLB EAP amount is greater than—0

Resolution: The transaction date must be on or after January 1, 2004. The promoter must correct and resubmit.

E.2.55. 7035 – Transaction date must be on or after January 1, 2005

Error code 7035: The CESP system will generate this error code on a record type and transaction type 511-12. This will happen when the transaction date is before January 1, 2005.

Resolution: The transaction date must be on or after January 1, 2005. The promoter must correct and resubmit.

E.2.56. 7036 – Must be 0 or blank if transaction type 21 and repayment reason is 1

Error code 7036: The CESP system will generate this error code for a transaction type 21. This will occur when the repayment reason = 1 and a non-zero amount is provided for any of the following fields:

- CLB amount

- BCTESG amount

Resolution: The CLB amount and BCTESG amount must be 0 or blank when transaction type is 21 and repayment reason is 1. The promoter must correct and resubmit.

E.2.57. 7037 – Date of birth is prior to January 1, 2004

Error code 7037: The CESP started offering the CLB incentives only in January 2004. Beneficiary date of birth must be on or after January 1, 2004 in order to be eligible for CLB.

Resolution: The transaction date must be on or after January 1, 2004. The promoter must correct and resubmit.

E.2.58. 7039 – Transaction date is earlier than contribution transaction date

Error code 7039: The CESP system will generate this error code on an RT 511-12. This occurs when the transaction date in the RT 511-12 is not equal to or greater than the transaction date in the original RT 400-11 transaction.

Note: If the RT 511-12 is an update, the transaction date should be later than the transaction date used in the previously submitted 511-12.

Resolution: The RT 511-12 transaction date must be equal or later than the original RT 400-11 transaction date. The promoter must correct and resubmit.

E.2.59. 7041 – Transaction date must be on or after August 15, 2015

Error code 7041: The CESP system will generate this error code on BCTESG request transactions. This occurs when the date of the BCTESG request transaction is before August 15, 2015.

Resolution: The transaction date must be on or after August 15, 2015. Correct and resubmit the transaction if required.

E.2.60. 7042 – Beneficiary date of birth must be on or after January 1, 2006.

Error code 7042: The CESP system will generate this error code if the beneficiary date of birth is before January 1, 2006.

Resolution: The promoter must confirm the date of birth of the beneficiary requesting BCTESG.

Appendix F. Registered Education Savings Plan provider user guide – Understanding refusal reasons

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

- [F.10. Refusal reason 9 – Other](#)

- [F.11. Refusal reason A – Specimen plan not approved for CLB](#)

- [F.12. Refusal reason B – Invalid beneficiary](#)

- [F.13. Refusal reason C – Request not designated to attract CLB for the beneficiary](#)

- [F.14. Refusal reason D – Late transaction](#)

- [F.15. Refusal reason E – Lifetime limit exceeded](#)

- [F.16. Refusal reason F – Anti churning rule violation](#)

- [F.17. Refusal reason G – Contribution transaction date earlier than January 1, 2005](#)

- [F.18. Refusal reason H – PCG/spouse information is missing](#)

- [F.19. Refusal reason I – The PCG/spouse SIN is not numerically valid](#)

- [F.20. Refusal reason J – Contract is not an individual/sibling only contract](#)

- [F.21. Refusal reason L – PCG/spouse SIN or agency BN not matched by the CRA](#)

- [F.22. Refusal reason M – PCG custody not confirmed by the CRA](#)

- [F.23. Refusal reason N – SIN has been flagged by SIR](#)

- [F.24. Refusal reason P – Spouse not in an active relationship](#)

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the [index page](#).

List of acronyms

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

ESDC

Employment and Social Development Canada

ITS

Interface Transaction Standards

PCG

Primary caregiver

RESP

Registered Education Savings Plan

RT

Record type

RR

Refusal reasons

SIN

Social Insurance Number

SIR

Social Insurance Registry

Introduction

The Canada Education Savings Program (CESP) is part of Employment and Social Development Canada (ESDC). The CESP is responsible for administering the following education savings incentives available to eligible beneficiaries of Registered Education Savings Plans (RESPs):

- amount of Canada Education Savings Grant (Basic CESG)

- additional amount of Canada Education Savings Grant (Additional CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

This appendix explains the refusal reasons (RR) received in response to financial requests for these education savings incentives.

For more information, refer to Appendix C for a list of acronyms and terms used in this guide.

F.1. Background information

This appendix provides information to help RESP providers understand refusal reasons. For additional technical information, consult the Interface Transaction Standards (ITS) on the Resources for RESP promoters web page under the **Systems documentation** tab.

F.1.1. What is a refusal reason

Refusal reasons show why transactions requesting grant or bond, which met all formatting rules, did not receive full grant or bond payment. Each refusal reason has a corresponding single-character code.

F.1.2. How are refusal reasons reported to promoters

The CESP system reports refusal reasons in the following 3 locations of the record types (RT) 900 and 911:

1. transaction position 67 for Basic CESG and CLB

2. transaction position 174 for Additional CESG transactions

3. transaction position 45 for BCTESG transactions

F.1.3. How does a refusal reason differ from an error code

In some instances, the CESP system may reject some transactions sent by promoters. This will happen when the CESP system cannot process an RESP transaction, due to an error in the transaction information. In these cases, the promoter will receive a corresponding RT 800 transaction with an error code. This error code will show why the CESP system did not process the transaction. Promoters must investigate error codes and resubmit new transactions with the corrected information.

Transactions successfully processed by the CESP system will not generate error codes. However, a processed transaction can receive a refusal reason in the RT 900 or RT 911 transactions. This would happen if the CESP does not pay the full amount of grant or bond for a transaction.

F.1.4. Using this appendix

Each incentive has its own set of refusal reasons. This appendix lists the following information for each incentive:

- refusal reason code

- ITS description for each refusal reason

- a detailed explanation for each refusal reason

- how to resolve or better understand what caused the refusal

Contact the CESP if the information provided in this appendix does not answer your questions about specific refusal reasons.

F.1.5. Transaction records

The following transaction records are referenced in this appendix for each incentive:

- **refusal reasons:** recorded in the RT 900 and RT 911. Promoters will find those refusal reasons in the transaction processing report (.pro). The CESP system returns them to promoters at the end of each reporting period

- **Basic CESG:** CESG requests submitted by promoters through a contribution transaction (400-11). Promoters will find the refusal reasons at position 67 of the RT 900 in the .pro file

- **Additional CESG:** Additional CESG requests submitted by promoters along with the Basic CESG request through a contribution transaction (400-11). Also, promoters must provide the following information in regard to the PCG/spouse to request the Additional CESG:

    - social insurance number (SIN)

    - surname

    - given name

    - type of PCG/spouse

Promoters will find the refusal reasons at position 174 of the RT 900 in the .pro file.

- **CLB: Canada Learning Bond** requests submitted by promoter through a CLB request transaction (400-24). Promoters will find the refusal reasons at position 67 of the RT 900 in the .pro file

- **BCTESG: British Columbia Training and Education Savings Grant** requests submitted by promoters through a BCTESG request transaction (411-40). Promoters will find the refusal reasons at position 45 of the RT 911 in the .pro file

F.2. Refusal reason 1 – Annual limit exceeded

1 – Annual limit exceeded

Incentives:

- basic CESG

- additional CESG

- CLB

F.2.1. Basic CESG

Refusal reason 1: The CESP system has paid out the Basic CESG room available to the beneficiary for the calendar year that the contribution falls into.

Resolution: None required. Each beneficiary is entitled to $500 of Basic CESG annually ($1,000 if there was carry forward). This error code means that they have received the maximum amount of Basic CESG for the year.

F.2.2. Additional CESG

Refusal reason 1: The CESP system refuses a contribution requesting Additional CESG for 1 of the following reasons:

- the individual PCG reported on the contribution has a high income level as per the Canada Revenue Agency (CRA). Therefore, the CESP system cannot pay Additional CESG to the beneficiary

- the individual PCG reported on the contribution has either a mid (10%) or low range (20%) income level. Also, the beneficiary has received all the Additional CESG for that year based on the income level

Resolution: None required as the CESP system paid all the Additional CESG available to the beneficiary for the year.

F.2.3. CLB

Refusal reason 1: The beneficiary has already received the CLB payment for the benefit year.

Resolution: None required as the beneficiary has already received their CLB payment for the benefit year the request falls into.

F.3. Refusal reason 2 – Lifetime contribution limit exceeded

2 – Lifetime contribution limit exceeded

Incentives:

- basic CESG

- additional CESG

F.3.1. Basic CESG

Refusal reason 2: The total amount of contributions for a beneficiary has reached or exceeded the $50,000 contribution limit. The CESP system will not pay grant on any subsequent contributions a subscriber makes after reaching this limit.

Resolution: The promoter should verify that the total contribution amounts submitted for the beneficiary does not exceed $50,000. They also need to ensure that they did not report incorrectly any contribution amounts. If there is a discrepancy in the contribution amounts, reverse the incorrect contribution and resubmit the correct contribution. If all contribution amounts are correct, then contact CESP for more information.

F.3.2. Additional CESG

Refusal reason 2: The total amount of contributions for a beneficiary has reached or exceeded the $50,000 contribution limit or greater. Once the beneficiary has reached that limit, the CESP system will refuse to pay Additional CESG on any subsequent contributions made after.

Resolution: The promoter should verify that the total contribution amounts submitted for the beneficiary does not exceed $50,000. They also need to make sure that they reported accurately all contribution amounts. If there is a discrepancy in the contribution amounts, reverse the incorrect contribution and resubmit the correct contribution. If all contribution amounts are correct, then contact CESP for more information.

F.4. Refusal reason 3 – Age of beneficiary

3 – Age of beneficiary

Incentives:

- basic CESG

- additional CESG

- CLB

- BCTESG

If there is a discrepancy in the age/birth date of the beneficiary generating this refusal reason, contact the CESP.

F.4.1. Basic CESG

Refusal reason 3: The transaction date of the contribution is later than December 31 in the year that the beneficiary turned 17.

Resolution: None required. The beneficiary can only receive grant up until the end of the year in which they turn 17.

F.4.2. Additional CESG

Refusal reason 3: The transaction date of the contribution is later than December 31 in the year that the beneficiary turned 17.

Resolution: None required. The beneficiary can only receive grant up until the end of the year in which they turn 17.

F.4.3. CLB

Refusal reason 3: The CESP system is assessing an active CLB request for a payment for a new benefit year. Also, there was an update to the beneficiary's birth and it is now before January 1, 2004.

Resolution: Contact the subscriber to verify the beneficiary's birth date.

F.4.4. BCTESG

Refusal reason 3: The transaction date for the BCTESG request (411-40) does not fall into any of the following ranges:

- child born in 2006: the transaction date of the BCTESG request must be between August 15, 2016 and August 14, 2019

- child born in 2007 or 2008: the transaction date of the BCTESG request must be between August 15, 2015 and August 14, 2018

- child born in 2009: the transaction date of the BCTESG request must be between these 2 dates:

  - August 15, 2015 or the day the beneficiary turns 6 (whichever is later), and

- August 14, 2018 or the day before the beneficiary turns 9 in 2018 (whichever is later)

- child born in 2010 or later: the transaction date of the BCTESG request must be between the child's 6th birthday and the day before the child's 9th birthday

Resolution: Verify the transaction date of the request and the age of the beneficiary.

F.5. Refusal reason 4 – PCG, spouse or beneficiary information not matched with CRA information

4 – PCG, spouse or beneficiary information not matched with CRA information

Incentives:

- additional CESG

- CLB

F.5.1. Additional CESG

Refusal reason 4: The PCG, spouse and/or beneficiary information submitted does not match with the corresponding information at the CRA on the contribution.

> **Note:** The CESP system sends fields to the CRA for matching. Those fields are:
>
> - individual PCG/spouse:
>   - SIN
>   - given name

- ○ surname
- • beneficiary:
  - ○ given name
  - ○ surname
  - ○ date of birth

Resolution: Contact the subscriber to request that the PCG call the CRA. They should confirm all relevant information is up to date and that it is the same information provided to the promoter. Once the subscriber has confirmed the CRA information is up to date, submit a correct PCG/spouse information transaction for the financial transaction that the CESP system has refused. If the promoter has not implemented the PCG/spouse information transaction, you can also reverse and resubmit the original transaction.

> **Note:** At the end of each month, the CESP sends an excel report to each promoter. This report shows the fields that did not match with the CRA that caused this refusal reason.

F.5.2. CLB

Refusal reason 4: The PCG, spouse and/or beneficiary information submitted does not match with the corresponding information at the CRA on the CLB request.

> **Note:** The CESP system sends fields to the CRA for matching. Those fields are:

- • individual PCG/spouse:
  - ○ SIN
  - ○ given name
  - ○ surname

- beneficiary:
    - given name
    - surname
    - date of birth

This applies to all CLB beneficiaries, children and adults.

Resolution: Contact the subscriber to request that the PCG call the CRA. They should confirm all relevant information is up to date and that it is the same information provided to the promoter. Once the subscriber has confirmed the CRA information is exact, resubmit the CLB request with the correct PCG/spouse information.

F.6. Refusal reason 5 – Specimen plan not eligible

5 – Specimen plan not eligible

Incentives:

- basic CESG
- additional CESG
- CLB
- BCTESG

Contact the CRA to determine the status of your specimen plan. If there are other concerns or discrepancies in the specimen plan eligibility information, contact the CESP.

F.6.1. Basic CESG

Refusal reason 5: The specimen plan named on the contribution is not eligible to receive grant.

Resolution: Contact the CRA to determine the status of this specimen plan.

F.6.2. Additional CESG

Refusal reason 5: The specimen plan named on the contribution is not eligible to receive grant.

Resolution: Contact the CRA to determine the status of this specimen plan.

F.6.3. CLB

Refusal reason 5: The CESP system is assessing an active CLB request for a payment. However, the specimen plan named on the request is no longer eligible to receive CLB.

Resolution: Contact the CRA to determine the status of this specimen plan.

F.6.4. BCTESG

Refusal reason 5: The specimen plan named on the request is not eligible to receive BCTESG.

Resolution: Contact the CRA to determine the status of the specimen plan and resubmit the request if required.

F.7. Refusal reason 6 – Transaction requested no grant

6 – Transaction requested no grant

Incentives:

- basic CESG

- additional CESG

- CLB

If there are any concerns or discrepancies in the information submitted, contact the CESP.

F.7.1. Basic CESG

Refusal reason 6: The grant requested flag is set to "No" for a contribution.

Resolution: Verify if the promoter should have made a request for the grant. If yes, reverse the contribution and resubmit the contribution with the grant requested flag set to "Yes".

F.7.2. Additional CESG

Refusal reason 6: The promoter did not provide the 4 PCG/spouse information fields for a contribution requesting Additional CESG.

Resolution: Verify if the promoter should have made a request for the Additional CESG on the contribution. If yes, you could add the missing PCG/spouse information on a PCG/spouse information transaction. You could also reverse and resubmit the contribution transaction with the missing PCG/spouse information.

F.7.3. CLB

Refusal reason 6: The grant requested flag is set to "No" therefore, the system considers it a stop CLB request.

Resolution: Confirm that you were supposed to submit this request as a stop CLB. If not, resubmit the CLB request with the grant requested flag set to "Yes".

F.8. Refusal reason 7 – Failed 16/17 year rule

7 – Failed 16/17 year rule

Incentives:

- basic CESG
- additional CESG

If there is any discrepancy in the contributions by the client, contact the CESP.

F.8.1. Basic CESG

Refusal reason 7: A contribution falls into a year in which the beneficiary turns 16 or 17. Also, the beneficiary does not meet the conditions for the 16/17 rule as per the CESP system. These conditions are:

- contributions totalling $100 in 4 different years, or

- a total of $2,000 in lifetime contributions up to and including the beneficiary's 15th year

Resolution: No action unless the promoter made an error. Review the contribution history and determine if you have reported accurately all contributions under the beneficiary. If you determine that you did not make an error, you must contact the subscriber to inform them of the refusal. It could happen that the beneficiary has multiple plans and an error occurred at another promoter. If so, they will need to have the other promoter fix the error. Once they confirm the other promoter made a correction, you can resubmit the transaction.

F.8.2. Additional CESG

Refusal reason 7: A contribution falls into a year in which the beneficiary turns 16 or 17 and the beneficiary does not meet the conditions for the 16/17 rule as per the CESP system. These conditions are:

- contributions totalling $100 in 4 different years, or

- a total of $2,000 in lifetime contributions up to and including the beneficiary's 15th year

Resolution: No action unless the promoter made an error. Review the contribution history and determine if you have reported accurately all contributions under the beneficiary. If you have determined that you did not make an error, you must contact the subscriber to inform them of the

refusal. It could happen that the beneficiary has multiple plans and an error occurred at another promoter. If so, they will need to have the other promoter fix the error. Once they confirmed the other promoter made a correction, you can resubmit the transaction.

F.9. Refusal reason 8 – CLB will not be paid for this benefit year

8 – CLB will not be paid for this benefit year

Incentive:

- CLB

If there are any discrepancies in the income levels reported for the year, resulting in this refusal reason, contact the CESP for assistance.

F.9.1. CLB

Refusal reason 8: The beneficiary is not eligible for a CLB payment for the benefit year for which the subscriber made the request.

Resolution: Contact the subscriber and advise them that the beneficiary will not receive the CLB for that benefit year. This refusal reason indicates that, according to the income information at the CRA, the income level of the PCG is too high to qualify for the CLB. With this refusal reason, the request will remain active for subsequent years. If the PCG believes that they should qualify, the PCG should contact the CRA at 1-800-387-1193 for further information. If the CESP receives updated Canada Child Benefit (CCB) information from the CRA for that benefit year, the CESP system will reassess the request and the CLB will automatically be paid if the beneficiary is now eligible.

F.10. Refusal reason 9 – Other

9 – Other

Incentives:

- basic CESG

- additional CESG

F.10.1. Basic CESG

Refusal reason 9: The contribution amount is below the minimum amount of $0.03. This is a requirement to attract grant.

Resolution: None required as contributions must be greater than $0.02 to attract grant.

F.10.2. Additional CESG

Refusal reason 9: The contribution amount is below the minimum amount of $0.03. This is a requirement to attract grant.

Resolution: None required as contributions must be greater than $0.02 to attract grant.

F.11. Refusal reason A – Specimen plan not approved for CLB

A – Specimen plan not approved for CLB

Incentive:

- CLB

F.11.1. CLB

Refusal reason A: An active CLB request is being assessed for a new benefit year. However, the specimen plan submitted on the CLB request is no longer approved for CLB in the CESP system.

Resolution: Since the specimen plan on the CLB request is not approved for CLB, the promoter should contact the CESP to confirm.

F.12. Refusal reason B – Invalid beneficiary

B – Invalid beneficiary

Incentives:

- basic CESG

- additional CESG

- CLB

F.12.1. Basic CESG

Refusal reason B: The beneficiary's SIN reported on the contribution has become invalid in the CESP database because it is linked to another SIN.

Resolution: Contact the subscriber and determine if the beneficiary got a new SIN. If the beneficiary did get a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. The promoter must then reverse the contribution and resubmit using the new valid SIN.

F.12.2. Additional CESG

Refusal reason B: The beneficiary's SIN reported on the contribution has become invalid in the CESP database because it is linked to another SIN.

Resolution: Contact the subscriber and determine if the beneficiary got a new SIN. If the beneficiary did get a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. The promoter must then reverse the contribution and resubmit using the new valid SIN.

F.12.3. CLB

Refusal reason B: The beneficiary's SIN reported on the CLB request has become invalid in the CESP database because it is linked to another SIN.

Resolution: Contact the subscriber and determine if the beneficiary got a new SIN. If the beneficiary did get a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. The promoter must also submit a new CLB request with the new SIN to continue receiving the CLB.

F.13. Refusal reason C – Request not designated to attract CLB for the beneficiary

C – Request not designated to attract CLB for the beneficiary

Incentive:

- CLB

F.13.1. CLB

Refusal reason C: CLB request is no longer active in the CESP system.

Resolution: Submit a new CLB request to restart the CLB payments. Restarting the CLB payments will also depend upon satisfying other business rules such as income levels, age of the beneficiary, etc.

F.14. Refusal reason D – Late transaction

D – Late transaction

Incentives:

- basic CESG

- additional CESG

- CLB

- BCTESG

If unable to submit within this deadline due to exceptional circumstances, contact the CESP.

F.14.1. Basic CESG

Refusal reason D: There is an issue with the transaction date of the contribution transaction. The transaction requesting Basic CESG has a date that is more than 3 years before the date in the header record (001) of the submitted transaction file.

Resolution: None

Explanation: The promoter must successfully process Basic CESG requests with the CESP system within 3 years. If the promoter submits transactions after 3 years, the CESP system will process them, but it will refuse the payment of grant.

F.14.2. Additional CESG

Refusal reason D: There is an issue with the transaction date of the contribution transaction. The transaction requesting Additional CESG has a date that is more than 3 years before the date in the header record (001) of the submitted transaction file.

Resolution: None

Explanation: The promoter must successfully process Additional CESG requests with the CESP system within 3 years. If the promoter submits transactions after 3 years, the CESP system will process them, but it will refuse the payment grant.

F.14.3. CLB

Refusal reason D: There is an issue with the transaction date of the CLB request transaction. The transaction requesting CLB has a date that is more than 3 years from the date in the header record (001) of the submitted transaction file.

Resolution: The promoter must submit another CLB request for the beneficiary. They must use a transaction date that is within 3 years of the file submission date.

Explanation: The promoter must successfully process CLB requests with the CESP system within 3 years. If the promoter submits transactions after 3 years, the CESP system will process them but it will refuse the payment of the bond.

F.14.4. BCTESG

Refusal reason D: There is an issue with the transaction date of the BCTESG request. The transaction requesting BCTESG has a date that is more than 3 years before the date in the header record (001) of the submitted transaction file.

Resolution: None

Explanation: The promoter must successfully process BCTESG requests with the CESP system within 3 years. If the promoter submits transactions after 3 years, the CESP will process them, but it will refuse the payment of grant.

F.15. Refusal reason E – Lifetime limit exceeded

E – Lifetime limit exceeded

Incentives:

- basic CESG

- additional CESG

- CLB

- BCTESG

F.15.1. Basic CESG

Refusal reason E: The beneficiary has received the maximum lifetime allowable amount of CESG (Basic and Additional combined) of $7,200.

Resolution: None required as the beneficiary has received the maximum amount of $7,200.

F.15.2. Additional CESG

Refusal reason E: The beneficiary has received the maximum lifetime allowable amount of CESG (Basic and additional combined) of $7,200.

Resolution: None required as the beneficiary has received the maximum amount of $7,200.

F.15.3. CLB

Refusal reason E: The beneficiary has received the maximum lifetime allowable CLB based on the number of benefit years they were entitled to, up to a maximum of $2,000.

Resolution: None required as the beneficiary has received all CLB payments they could receive based on his entitlements.

F.15.4. BCTESG

Refusal reason E: The beneficiary has received the maximum lifetime allowable amount of $1,200.

Resolution: None required as the beneficiary has received the maximum amount of $1,200.

F.16. Refusal reason F – Anti-churning rule violation

F – Anti-churning rule violation

Incentive:

- additional CESG

F.16.1. Additional CESG

Refusal reason F: The beneficiary named on the contribution requesting Additional CESG is tainted. A beneficiary becomes tainted when a grant repayment for a contract the beneficiary is associated to, is submitted with:

- a transaction date on or after March 22, 2004 and

- with a repayment reason of contribution withdrawal, and

- a grant amount is greater than 0

Resolution: Contact the subscriber to determine if they have previously withdrawn contributions from an RESP. If so, this could be the cause the beneficiary is tainted.

F.17. Refusal reason G – Contribution transaction date earlier than January 1, 2005

G – Contribution transaction date earlier than January 1, 2005

Incentive:

- additional CESG

F.17.1. Additional CESG

Refusal reason G: A contribution requesting Additional CESG has a transaction date that is earlier than January 1, 2005.

Resolution: The CESP system will only pay Additional CESG on contribution transactions dated on or after January 1, 2005. It could happen that the promoter made a mistake regarding the transaction date of the contribution. If that is the case, reverse the previous contribution and resubmit the new contribution with the correct transaction date.

F.18. Refusal reason H – PCG/spouse information is missing

H – PCG/spouse information is missing

Incentive:

- additional CESG

F.18.1. Additional CESG

Refusal reason H: 1 or more of the following fields do not contain information:

- SIN

- surname

- given name, and

- type of PCG/spouse

Resolution: To receive the Additional CESG, the promoter needs to include the PCG/spouse SIN, given name, surname, and type. If the promoter did not provide this information, they can use an updated PCG/spouse information transaction to add the missing information. They could also reverse the contribution and resubmit with the missing information.

F.19. Refusal reason I – The PCG/spouse SIN is not numerically valid

I – The PCG/spouse SIN is not numerically valid

Incentive:

- additional CESG

F.19.1. Additional CESG

Refusal reason I: The individual PCG/spouse SIN is not numerically valid. ESDC uses a mathematical formula to determine the validity of the composition of a SIN.

Resolution: Verify that the individual PCG/spouse SIN is 9 digits in length. If required, contact the subscriber to advise that the individual PCG/spouse SIN provided is not correct. If the subscriber provides a new individual PCG/spouse SIN, you will need to update the information. To do so, use either an update PCG/spouse information transaction to change the information or reverse the contribution and resubmit with the new information.

F.20. Refusal reason J – Contract is not an individual/sibling only contract

J – Contract is not an individual/sibling only contract

Incentive:

- additional CESG

- CLB

If there are any errors in the designation of the contract, contact CESP.

> **Note:** For CLB (400-24), the contract reported on these transactions needs to be individual/sibling only. Therefore, the flag needs to be set to "Yes". If the flag is not set to "Yes", the CESP system will reject the transaction with an error code 1010.

F.20.1. Additional CESG

Refusal reason J: The promoter did not designate the contract as an individual/sibling only contract.

Resolution: The contract reported on the contribution transaction must have the individual/sibling only flag set to "Yes" in the CESP system. To set this flag to Yes, submit a contract information transaction with the individual/sibling only flag set to "Yes". Once done, reverse and resubmit the previously refused contribution transaction to receive the Additional CESG.

F.20.2. CLB

Refusal reason J: The promoter did not designate the as an individual/sibling only contract.

Resolution: The contract reported on the CLB request has had the individual/sibling only flag updated to "No" since the CESP processed the initial CLB request. The promoter should verify that the contract is not an individual/sibling only contract.

F.21. Refusal reason L – PCG/spouse SIN or agency BN not matched by the CRA

L – PCG/spouse SIN or agency BN not matched by the CRA

Incentives:

- additional CESG

- CLB

If there are any concerns or discrepancies in the information, contact CESP.

F.21.1. Additional CESG

Refusal reason L: The CRA is unable to find the individual PCG/spouse SIN or agency BN information provided on the contribution transaction requesting Additional CESG.

Resolution: Contact the subscriber. Notify them that the individual PCG/spouse's SIN or agency's BN reported on the contribution transaction

does not match the information on file with the CRA. Confirm the correct PCG/spouse information with the subscriber. Then, if required, use the update PCG/spouse information transaction to change the PCG/spouse information. You can also reverse the contribution transaction and then resubmit with new PCG/spouse information. Please note that this refusal reason will only apply to CLB requested for beneficiaries under 18 years of age.

F.21.2. CLB

Refusal reason L: The CRA is unable to find the individual PCG/spouse SIN or agency BN reported on the CLB request.

Resolution: Contact the subscriber. Notify them that the individual PCG/spouse's SIN or agency's BN reported on the CLB request does not match any PCG/spouse SINs or agency BNs on file with the CRA. If they provide new PCG/spouse information, submit a new CLB request.

F.22. Refusal reason M – PCG custody not confirmed by the CRA

M – PCG custody not confirmed by the CRA

Incentive:

- additional CESG

- CLB

If there are any other concerns or discrepancies in the information, contact CESP.

F.22.1. Additional CESG

Refusal reason M: According to CRA, the PCG or the PCG associated to the spouse reported on the contribution is not the designated PCG for the beneficiary during the month and year of the transaction date.

Resolution: Contact the subscriber. Notify them that according to the CRA, the PCG reported on the contribution does not have custody of the beneficiary in the year and month the contribution transaction falls. The PCG should then contact the CRA to verify the information they have on record. If they provide a new PCG/spouse information, use an update PCG/spouse information (511-12) transaction to change the PCG/spouse information. You could also reverse the contribution transaction and resubmit with new PCG/spouse information.

F.22.2. CLB

Refusal reason M: According to CRA, the PCG or the PCG associated to the spouse reported on the CLB request is not the designated PCG for the beneficiary for all months from the transaction date of the CLB request to the end of the CLB benefit year it falls into.

Resolution: Contact the subscriber. Tell them that according to the CRA, the PCG reported on the CLB request does not have custody of the beneficiary required for payment. The PCG should then contact the CRA to verify the information they have on record. If required, resubmit the CLB request. If they provide you with new PCG/spouse information, then submit a new CLB request. Please note that this refusal reason will only apply to CLB requested for beneficiaries under 18 years of age.

F.23. Refusal reason N – SIN has been flagged by SIR

N – SIN has been flagged by Social Insurance Registry (SIR)

Incentive:

- basic CESG

- additional CESG

- CLB

- BCTESG

If there are any other concerns or discrepancies in the information, contact CESP.

F.23.1. Basic CESG

Refusal reason N: The SIN reported on the contribution requesting CESG has been flagged as "not useable" by the SIR.

Resolution: Contact the subscriber. Verify the status of the beneficiary's SIN. If the SIN has been cancelled and they received a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. Once you complete this, reverse the previous contribution transaction and resubmit the contribution using the new SIN.

F.23.2. Additional CESG

Refusal reason N: The SIN reported on the contribution requesting Additional CESG has been flagged as "not useable" by the SIR.

Resolution: Contact the subscriber. Verify the status of the beneficiary's SIN. If the SIN has been cancelled and got a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. Once you complete this, reverse the previous contribution transaction and resubmit the contribution using the new SIN.

F.23.3. CLB

Refusal reason N: The SIN reported on the CLB request has been flagged as "not useable" by the SIR.

Resolution: Contact the subscriber. Verify the status of the beneficiary's SIN. If the SIN has been cancelled and they got a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. Once you complete this, submit a new CLB request.

F.23.4. BCTESG

Refusal reason N: The SIN reported on the BCTESG request has been flagged as "not useable" by the SIR.

Resolution: Contact the subscriber. Verify the status of the beneficiary's SIN. If the SIN has been cancelled and they got a new SIN, submit a beneficiary information transaction record. This will associate the beneficiary's new SIN to the specimen plan. Once you complete this, submit a new BCTESG request.

F.24. Refusal reason P – Spouse not in an active relationship

P – Spouse not in an active relationship

Incentive:

- additional CESG

- CLB

F.24.1. Additional CESG

Refusal reason P: The spouse is not in an active relationship with the PCG at the time of the contribution. This is based on the transaction date of the contribution.

Resolution: Contact the subscriber. Tell them that according to the CRA, the spouse reported on the contribution is not in an active relationship with the PCG at the time of the contribution. The PCG should then contact the CRA to verify the information they have on record. If the subscriber provides new PCG/spouse information, you can send the information either with:

- an update PCG/spouse information (511-12) transaction to change the PCG/spouse information, or

- reverse the contribution transaction and resubmit with new PCG/spouse information

F.24.2. CLB

Refusal reason P: The spouse reported is not in an active relationship with the PCG at the time of the CLB request. This is based on the transaction date.

Resolution: Contact the subscriber. Tell them that according to the CRA, the spouse reported on the CLB request is not in active relationship with the PCG at the time of the CLB request. The PCG should then contact the CRA to verify the information they have on record. If required, resubmit the CLB request. If the subscriber provides new PCG/spouse information, then submit a new CLB request. Please note that this refusal reason will only apply to CLB requested for beneficiaries under 18 years of age.

Appendix G. Registered Education Savings Plan provider user guide – Understanding repayments

From: Employment and Social Development Canada

Disclaimer: RESP promoters

The information contained on this page is technical in nature. It is intended for Registered Education Savings Plan (RESP) and Canada Education Savings Program promoters. For general information, visit the RESP page.

On this page

- List of acronyms

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- G.3. Repayment reason guidelines

- G.4. Transaction checklists

- G.5. Repayments and investment losses

Alternate format

A link to the HTML version of the Registered Education Savings Plan provider user guide is available on the index page.

List of acronyms

AIP

Accumulated income payment

BCTESG

British Columbia Training and Education Savings Grant

CESG

Canada Education Savings Grant

CESP

Canada Education Savings Program

CESA

Canada Education Savings Act

CESR

Canada Education Savings Regulations

CLB

Canada Learning Bond

CRA

Canada Revenue Agency

ESDC

Employment and Social Development Canada

EAP

Educational assistance payment

ITS

Interface Transaction Standards

PSE

Post-secondary education

RDSP

Registered Disability Savings Plan

RESP

Registered Education Savings Plan

RRSP

Registered Retirement Savings Plan

RT

Record type

SIN

Social Insurance Number

Introduction

The Canada Education Savings Program (CESP) is a section within Employment and Social Development Canada (ESDC). The CESP is responsible for administering the following education savings incentives in Registered Education Savings Plans (RESPs):

- Basic Canada Education Savings Grant (Basic CESG)

- Additional Canada Education Savings Grant (Additional CESG)

- Canada Learning Bond (CLB)

- British Columbia Training and Education Savings Grant (BCTESG)

For more information, refer to [Appendix C](#) for a list of acronyms and terms used in this guide.

G.1. Overview

This appendix provides repayment guidelines and explains how RESP promoters must report repayment transactions to the CESP system for the incentives administered by ESDC.

G.1.1. What is a repayment

Certain circumstances require a repayment of education savings incentives from an RESP to the Government of Canada or designated provincial programs. The *Canada Education Savings Regulations*, provincial regulations and CESP operational policies specifies these circumstances.

G.1.2. What is the repayment process

RESP promoters are responsible for the following:

1. recognizing and identifying circumstances that require incentive repayments

2. determining incentive amounts to repay, and

3. reporting transactions to the CESP system which indicate the amounts of incentives to repay and the repayment reasons

Each month, the CESP system calculates the combined repayment amounts reported for each promoter. The CESP system will subtract those repayments from the total amount of incentives that would be payable to each promoter at the end of the month.

G.1.3. What is a repayment transaction

To report repayment transactions, RESP promoters must submit repayment records "400-21" to the CESP system. These records have a record type (RT) of 400 and a transaction type of 21.

Promoters report repayment records using the key fields defined in the following table.

Table 1: Repayment records key fields

Key field names	Explanation
Specimen plan ID	Promoter's specimen plan identifier for the repayment transaction.
Contract ID	Identifies the RESP for the repayment transaction.
Beneficiary SIN (Social Insurance Number)	Provides the beneficiary's SIN and is mandatory only when repaying CLB amounts.
Repayment reason	Reason for repayment.
Grant amount	Amount of the CESG to repay.
CLB amount	Amount of the CLB to repay.
BCTESG amount	Amount of the BCTESG to repay.

For additional technical information, refer to the CESP Interface Transaction Standards (ITS) on the [Resources for RESP promoters](#) web page under the **Systems Documentation** tab.

G.1.4. Reporting multiple incentive repayments in a single record

Promoters can submit a separate record to the CESP system for each incentive they repay from an RESP.

Promoters may also repay multiple incentives in the same record if these incentives are:

- from the same RESP, and

- for the same repayment reason

The CLB repayment records must include the Social Insurance Number (SIN) of the beneficiary. Promoters must submit separate CLB repayment records for each individual beneficiary in family RESPs.

G.1.5. Impact of repayments on future incentive payments

G.1.5.1. CESG grant room

A beneficiary can receive a maximum of accumulated amount of $7,200 in CESG. This lifetime limit includes payments from both the Basic and the Additional CESG amounts made to all RESPs for a particular beneficiary.

The CESP system pays the CESG and deducts amounts from the available CESG balance of the beneficiary.

If the beneficiary repays the CESG, the CESP system will not restore the CESG amounts to the CESG grant room of individual beneficiaries. This is because repayments are at the plan level.

G.1.5.2. BCTESG entitlement

A beneficiary can receive a single BCTESG payment of $1,200. Once an eligible beneficiary receives the BCTESG, the CESP system will refuse to pay subsequent BCTESG requests for that beneficiary.

The BCTESG repayments are at the plan level. The CESP system does not restore the BCTESG entitlement to beneficiaries named in the RESP.

Therefore, once the promoter repaid the BCTESG, subscribers cannot request repaid BCTESG amounts again for that beneficiary.

G.1.5.3. CLB entitlement

A beneficiary can receive up to $2,000 of CLB.

The CLB repayments are at the beneficiary level and do not affect a beneficiary's lifetime entitlement for the CLB.

If the promoter repaid a CLB amount, the CESP system can restore the beneficiary's CLB entitlement. The subscriber could request the CLB again for the same beneficiary.

G.1.6. Reversing and cancelling transactions

This section explains the purpose of reversing or cancelling transactions and compares the associated consequences with submitting repayment transactions to the CESP system.

G.1.6.1. When should promoters reverse or cancel transactions

There could be a situation when promoters submit transactions with inaccurate information and the CESP system processes these transactions successfully. When that occurs, the promoter must either reverse or cancel these transactions. Then, they must submit new transactions with accurate information as required.

Promoters should reverse or cancel transactions **only** to correct administrative errors. For example, the promoter could request incentives for the wrong beneficiary in a family RESP. In that case, they must reverse or cancel that request. Then, they must submit a new request to the CESP system for the correct beneficiary.

For more information, refer to G.1.6.5. What is an administrative error of this appendix.

Promoters must not reverse or cancel transactions **solely** to remove a penalty or to gain a greater benefit. For example, a subscriber may have instructed a promoter to make an RESP contribution that exceeded the lifetime $50,000 contribution limit for a beneficiary.

The promoter is responsible for reporting this contribution to the CESP system. They should not reverse the contribution transaction at a later date simply to avoid the corresponding tax penalties.

In general:

- the promoter must reverse federal incentive requests by submitting a RT 400 with the "reversal flag" field set to "2"; whereas

- requests for a provincial incentive must be cancelled by submitting:

  - a 411-41 transaction for the BCTESG

G.1.6.2. The 3-year rule for incentive requests

Promoters submit RESP transactions electronically to the CESP system for processing on a monthly basis. These transactions include requests for incentive payments.

Promoters must specify a transaction date for each incentive request. The following bulleted list specifies how promoters must determine the transaction date for each incentive:

- CESG: promoters must use the RESP contribution date

- CLB: promoters must use the CLB application form completion date

- BCTESG: promoters must use the BCTESG application form completion date

Promoters have a certain amount of time to request incentives and attract a payment into an RESP. The transaction date of the incentive request must be less than 3 years before the date that the promoter sends the transaction to the CESP system. The CESP system could process an incentive request older than 3 years. However, the CESP system would refuse the payment for this request with a refusal reason "D" (late transaction).

Promoters must submit accurate and complete information to the CESP system regardless of the age of the original transaction.

It is possible for a promoter to correct an administrative error for a late incentive. If they receive a refusal reason "D", they can request an

exemption to override the refusal reason. For more information, refer to [G.1.6.5. What is an administrative error](#) of this appendix.

The 3-year rule is not a 3-year period during which subscribers can change their mind regarding an RESP transaction.

If the CESP system processes successfully an accurate transaction, promoters must not reverse it:

- solely to remove a penalty, or

- to gain a better benefit simply because the original transaction is less than 3 years old

For example, a promoter should not reverse an authentic contribution transaction simply because it did not attract a CESG payment.

G.1.6.3. Impact on future incentive payments

When a promoter successfully reverses or cancels an incentive request, the CESP system will restore the grant room or entitlement for the incentive. The CESP system will restore the amount to the amount it was prior to the processing of the original transaction.

For example, cancelling a request for the BCTESG would restore the BCTESG entitlements to the original amount. In the future, another BCTESG request for the same beneficiary could attract a new BCTESG payment to an RESP.

G.1.6.4. Comparing repayments with reversing or cancelling requests

It is important to understand the difference between:

- repaying an incentive, and

- reversing or cancelling an incentive request

The impact on RESP notional accounts may appear to be the same in some cases. However, there may be a difference in eligibility for future incentive payments.

Repaying an incentive: When a promoter repays any incentive (other than the CLB), the CESP system will not restore the entitlement to the beneficiary's plan. For additional information, refer to [G.1.5. Impact of repayments on future incentive payments](#) of this appendix.

Reversing or cancelling an incentive request: Reversing or cancelling an incentive request restores the beneficiary's entitlement for that incentive. It is as if the CESP system did not process the original incentive request.

In general, promoters should:

- use the guidelines in this appendix to determine when the promoter must repay incentives, and

- reverse or cancel incentive requests only to correct administrative errors

G.1.6.5. What is an administrative error

An administrative error occurs when a promoter does not follow a subscriber's instructions. In other words, the promoter will send a transaction to the CESP system that does not reflect the subscriber's request.

Let us illustrate this using this scenario. A subscriber instructs a promoter to withdraw $1,000 from a particular bank account. The subscriber then asks the promoter to contribute the full amount into a specific RESP in respect of a particular beneficiary.

The following would be examples of administrative errors concerning the contribution transaction (400-11):

- reporting an inaccurate amount (example: $100 instead of $1,000)

- reporting the wrong beneficiary (example: a sibling)

If a promoter identifies an administrative error, they must correct it. The promoter should keep all documentation that shows the discrepancy between the subscriber's instructions and the transaction submitted to the

CESP system. They must do so since they may need to provide this documentation for the purpose of a compliance review.

To correct an administrative error, promoters may need to reverse previous inaccurate transactions and submit new transactions with accurate information.

There can be instances in which the promoter need to correct an administrative error that has an original transaction date of more than 3 years. Promoters must correct the information regardless of how old the original transaction is. In the case of an administrative error, the promoter can contact a CESP promoter support officer to request an exemption to override the 3-year rule for that transaction. The CESP still reviews each exemption request on a case-by-case. As stated earlier, the promoter has an obligation to correct inaccurate transaction sent to the CESP system. Therefore, the promoter should submit all transactions to correct the inaccuracy and once they receive the refusal reason "D", they can request an exception.

G.1.6.6. Reversing repayment transactions

The promoter can also reverse a repayment transaction to correct an administrative error.

For example, a promoter may have made a repayment from the wrong RESP. The promoter would then reverse the repayment transaction. Once the promoter has done so, the RESP returns to the state it would have been if the repayment transaction was never successfully processed by the CESP system.

G.2. Mandatory reporting of RESP transactions

The promoter agreement 4.3(a) compels promoters to report transactions in and out of an RESP that are made after 1997. This includes the reporting of

all transactions that occur within the RESP, whether there is a positive amount in the dollar field, or the amount is 0.

Here are examples of some RESP activities that require promoters to report them using a repayment reason:

- a withdrawal of contributions

- a plan termination

- an accumulated income payment (AIP)

- the Canada Revenue Agency (CRA) revokes the registration of an RESP

- when a promoter makes a payment to a designated educational institution

- ineligible beneficiary replacement

- ceases to meet the sibling only requirement

- ineligible transfer

For more information, refer to section G.3. Repayment reason guidelines of this appendix.

G.3. Repayment reason guidelines

The CESP ITS lists 12 potential repayment reasons that promoters can use to report repayment transactions to the CESP system:

- 01 – Contribution withdrawal

- 02 – AIP

- 03 – Contract termination

- 04 – Ineligible transfer

- 05 – Ineligible beneficiary replacement

- 06 – Payment to educational institution

- 07 – Revocation

- 08 – Ceases to meet sibling only condition

- 09 – Deceased

- 10 – Over-contribution withdrawal

- 11 – Other

- 12 – Non-resident

While some of these repayment reasons correspond to specific regulatory requirements, other repayment reasons are available for administrative purposes.

A separate subheading under this section of the appendix explains each repayment reason to identify:

- circumstances that trigger repayments

- when promoters must repay incentives administered by ESDC

- how much incentive amount promoters must repay

This section also specifies repayment transactions that promoters must submit to the CESP system. Promoters should consult section G.4. Transaction checklists of this appendix to ensure that they use repayment transactions appropriately and report all required RESP activity to the CESP system.

G.3.1. Reason "01" – Contribution withdrawal

Trigger: When subscribers withdraw contributions from an RESP.

Promoters must repay the following incentive:

- the CESG

Promoters should **not** submit a repayment transaction (400-21) using repayment reason "01" in the following situations:

- if the subscriber withdraws contributions to correct an over-contribution, promoters must submit a repayment transaction (400-21) using repayment reason "10". For more information, refer to section G.3.10. Reason "10" – Over-contribution withdrawal in this appendix

- if the subscriber withdraws contributions when a beneficiary of the RESP is eligible for an educational assistance payment (EAP). In that case, the promoter must submit a post-secondary education (PSE) contribution withdrawal transaction (400-14). Furthermore, the promoter does not have to repay the CESG

In all other situations, when subscribers withdraw RESP contributions and the CESP system paid the CESG, promoters must submit a repayment transaction (400-21). They will use repayment reason "01" for the incentives that were paid to the RESP, even if the amounts to repay are 0 at the time of the withdrawal.

G.3.1.1. Calculating the CESG amount to repay for reason "01"

When a subscriber withdraws RESP contributions from RESP notional accounts, the order of withdrawals are as follows:

1. assisted contributions made in 1998 or later

2. unassisted contributions made in 1998 or later

3. unassisted contributions made prior to 1998

An assisted contribution is an RESP contribution that has attracted a CESG payment to the RESP. An unassisted contribution is an RESP contribution that has not attracted a CESG payment to the RESP.

The CESG repayment amount due to a withdrawal of assisted contributions is equal to: **A / B × C**

Where:

- **A** = balance in the CESG account of the RESP immediately before the withdrawal of assisted contributions

- **B** = balance of the total assisted contributions in the RESP immediately before the withdrawal of assisted contributions

- **C** = amount of the assisted contributions withdrawal

A subscriber could withdraw all assisted contributions while a beneficiary is eligible for an EAP (in PSE contribution withdrawals). In that case, unassisted contributions and the CESG can remain in the RESP. If the subscriber later on withdraws these unassisted contributions from the RESP when a beneficiary is no longer eligible for an EAP, the amount of the CESG to repay would be 0.

G.3.2. Reason "02" – AIP

Trigger: When a promoter makes an AIP.

Promoters must repay the following incentives:

- the CESG

- the CLB

- the BCTESG

An AIP is a taxable payment of accumulated income in an RESP. The subscriber is normally the one who receives the payment. The AIP may include accumulated income on contributions and incentives, but it does not include the actual contributions or incentives themselves.

Rollovers to a registered retirement savings plan (RRSP): The subscriber has to include AIPs in their income for the year they received the payments. The payments are subject to a 20% (12% for residents of Quebec) additional tax. This means that it's on top of the regular tax rate payable on the subscriber's income. The subscriber can reduce or eliminate this additional

tax by contributing the AIPs to his or her RRSP or to a spousal RRSP, up to a maximum of $50,000.

Rollovers to a registered disability saving plan (RDSP): A subscriber of an RESP and a holder of an RDSP may jointly elect to transfer an AIP under the RESP to the RDSP. They can do so under the prescribed CRA rollover form (RC435). This applies since 2014 and later years. It is only possible to do this rollover if, at the time of the election:

- the RESP allows AIPs, and

- the RESP beneficiary is also the beneficiary of the RDSP

For additional information about rollovers, consult the [CRA Income Tax Information Circular IC93-3R2](#).

The promoter may issue AIPs only if the subscriber meets **all** of the following conditions:

- the subscriber is a resident of Canada

- the promoter makes the payment to, or on behalf of, a subscriber and not jointly to, or on behalf of, more than one subscriber

And:

- the plan has been in existence for at least 10 years, and each living individual who is, or was a beneficiary under the plan, has reached 21 years of age before the promoter makes the payment and the beneficiary is not currently eligible to receive EAPs, or

- the promoter makes the AIP and terminates the RESP, or

- each individual, who was a beneficiary under the plan, is deceased when the promoter makes the payment

When promoters make AIPs, they must repay:

- the CESG

- the CLB, or

- the BCTESG

To do so, they will:

- promoters must submit a repayment transaction (400-21)

- they must use the repayment reason "02" for the incentives paid to the RESP

- even if the amounts to repay are 0 at the time of the AIP

G.3.2.1. Calculating the incentive amounts to repay for reason "02"

When the promoter makes AIPs, the promoter must repay the remaining amounts of the following incentives in the plan (immediately before the AIP):

- the CESG

- the CLB

- the BCTESG

G.3.2.2. Other AIP consequences

When the promoter makes an AIP from an RESP:

- the promoter must terminate the RESP before March in the year after the year in which the first AIP is made, and

- the promoter can no longer permit a transfer from this RESP

G3.3. Reason "03" – Contract termination

Trigger: When a promoter terminates the RESP.

Promoters must repay the following incentives:

- the CESG

- the CLB

- the BCTESG

The terms and conditions of an RESP contract specifies when a promoter must terminate a plan.

They must terminate RESPs at the end of the 35th year, after the end of the year in which it was deemed to have been opened.

Exception: 40th year for individual RESPs in which the beneficiary is eligible for a disability tax credit.

Following the transfer of RESP funds, the earliest effective date of the relinquishing and the receiving RESPs is deemed the date the plan was open.

When the promoter terminates an RESP and there were payments of the CESG, the CLB or the BCTESG in the RESP:

- promoters must submit a repayment transaction (400-21)

- promoters must use repayment reason "03" for the incentives that remain in the RESP

- even if the amounts to repay are 0 at the time of the contract termination

G.3.3.1. Calculating the incentive amounts to repay for reason "03"

When a promoter terminates an RESP, the promoter must repay the remaining amounts of the following incentives in the plan (immediately before the termination):

- the CESG

- the CLB

- the BCTESG

G.3.3.2. Other potential repayment reasons when the promoter terminates an RESP

Promoters may need to report multiple repayment transactions with different repayment reasons. This will depend on how the promoter distributes the funds in the RESP when they terminate it.

Promoters must submit a repayment transaction (400-21) for each of the reasons specified in the following sequence when the circumstances occur:

1. **reason 01 – Contribution withdrawal:**

   - the promoter returns RESP contributions to the subscriber(s), and

   - the withdrawal of contributions would trigger the repayment of the CESG

2. **reason 02 – AIP:**

   - the promoter pays an AIP from the RESP

3. **reason 06 – Payment to educational institution:**

   - the subscriber does not meet the conditions for an AIP, and

   - a promoter makes a payment of accumulated income to a designated educational institution in Canada

4. **reason 03 – Contract termination:**

   - the promoter or the subscriber terminates an RESP, or

   - a promoter must terminate an RESP when the RESP has reached the maximum duration

G.3.4. Reason "04" – Ineligible transfer

Trigger: An RESP does not satisfy the conditions for an eligible transfer.

Promoters must repay the following incentives:

- the CESG
- the CLB
- the BCTESG

An ineligible transfer occurs when the transfer does not meet the required conditions. [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#) specifies the required conditions for an eligible transfer of each incentive administered by ESDC.

When an ineligible transfer occurs and the RESP contains the CESG, the CLB or the BCTESG:

- the relinquishing promoter must submit a repayment transaction (400-21)
- using repayment reason "04" for the incentives remaining in the RESP
- even if the amounts to repay are 0 at the time of the ineligible transfer

G.3.4.1. Calculating the incentive amounts to repay for reason "04"

When an ineligible transfer occurs, the promoter must repay the remaining amounts of the following incentives in the relinquishing RESP (immediately before the ineligible transfer):

- the CESG
- the CLB
- the BCTESG

G.3.4.2. Avoiding ineligible transfers by making pre-transfer repayments

Prior to a transfer, promoters may repay one or more incentives to avoid conditions that would otherwise result in an ineligible transfer.

For example, if the receiving promoter does not offer the BCTESG, the transfer would be ineligible if it included the BCTESG amounts. To avoid an ineligible transfer, the relinquishing promoter could repay the balance of

the BCTESG account prior to the transfer. This would allow for the eligible transfer of the remaining funds.

> **Note:** For other options for when the receiving promoter does not offer the BCTESG, refer to [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#).

If the ineligible incentive is the Additional CESG, the A-B Transfer Policy allows a receiving promoter to accept a transfer including the Additional CESG. They can do so if the receiving promoter agrees to administer the Additional CESG sibling only rule. They also need to report the presence of the Additional CESG in subsequent transfers.

For additional information, refer to [9.3.4. Making pre-transfer repayments to avoid ineligible transfers](#) and [9.3.5. When the receiving promoter does not offer Additional CESG](#) in [Chapter 9. Registered Education Savings Plan transfers and the education savings incentives](#).

G.3.5. Reason "05" – Ineligible beneficiary replacement

Trigger: When a promoter replaces an original beneficiary with an ineligible beneficiary.

Promoters must repay the following incentives:

- the CESG
- the CLB
- the BCTESG

In both individual and family RESPs, subscribers can replace an existing beneficiary with a new beneficiary if their contract allows this replacement.

To consider a beneficiary replacement to be eligible:

- the replacement beneficiary is under 21 and is a sibling of the original beneficiary, or

- both the original and replacement beneficiaries are under 21 and are related by blood or adoption to the original subscriber of the RESP

For all other beneficiary replacements, if the RESP contains the CESG, the CLB or the BCTESG:

- promoters must submit a repayment transaction (400-21)

- using repayment reason "05" for the incentives remaining in the RESP

- even if the amounts to repay are 0 at the time of the beneficiary replacement

G.3.5.1. Calculating the incentive amounts to repay for reason "05"

The promoter must repay the remaining amounts of the following incentives in the plan (immediately before the ineligible beneficiary replacement):

- the CESG

- the CLB

- the BCTESG

G.3.5.2. Replacing a beneficiary with a cousin

It is possible for a subscriber to choose a cousin as an eligible replacement beneficiary. For example, the subscriber could be a grandparent who is related by blood or adoption to the original and replacement beneficiaries. However, replacement beneficiaries must also satisfy sibling-only requirements for some incentives. For more information, refer to [G.3.8. Reason "08" – Ceases to meet sibling only condition](#).

G.3.5.3. Replacing a beneficiary for whom the promoter paid the CLB

The CESP system pays the CLB into RESPs for specific beneficiaries. The beneficiary can only use his own CLB for EAPs. In other words, the beneficiary cannot share the CLB with siblings in a family RESP.
This means that the promoter must repay the CLB account balance of the

original beneficiary, even if they met the conditions for an eligible beneficiary replacement. For more information, refer to [G.3.11. Reason "11" – Other](#).

G.3.6. Reason "06" – Payment to educational institution

Trigger: When a promoter makes a payment of the accumulated income remaining in an RESP to a designated educational institution in Canada.

Promoters must repay the following incentives:

- the CESG

- the CLB

- the BCTESG

The terms of an RESP can stipulate that the promoter may pay the amount of AIP to a designated educational institution in Canada if:

- a beneficiary is not eligible for an EAP, and

- a subscriber does not qualify for an AIP

A payment to a designated educational institution in Canada is considered a gift and not a donation. Therefore, the promoter will not issue a tax receipt to the subscriber or to the beneficiary.

When a promoter makes an AIP to a designated educational institution in Canada and the RESP contains the CESG, the CLB or the BCTESG, promoters must:

- submit a repayment transaction (400-21), and

- use repayment reason "06" for the incentives remaining in the RESP

- even if the amounts to repay are 0 at the time of the payment to the educational institution

G.3.6.1. Calculating the incentive amounts to repay for reason "06"

Once they made the payment, the promoter must repay the remaining amounts of the following incentives in the plan (immediately before the payment to the educational institution):

- the CESG
- the CLB
- the BCTESG

G.3.7 Reason "07" – Revocation

Trigger: When the Canada Revenue Agency (CRA) revokes the registration of the RESP.

Promoters must repay the following incentives:

- the CESG
- the CLB
- the BCTESG

If an RESP fails to comply with legislative requirements for any reason, CRA may revoke the registration of the contract. The Minister of National Revenue can revoke the registration of an RESP under the following conditions:

- the plan does not comply with the rules for registration
- the plan does not comply with any of its provisions
- the subscriber makes an excess of contributions to the plan
- the plan is in a revocable position related to qualified investments, or
- when the RESP does not meet a condition under:
  - the *Canada Education Savings Act* (CESA)

- the *Canada Education Savings Regulations* (CESR), or

- a condition related to a designated provincial program

When the CRA revokes the registration of an RESP and the RESP contains the CESG, the CLB or the BCTESG:

- promoters must submit a repayment transaction (400-21)

- promoter must use repayment reason "07" for the incentives remaining in the RESP

- even if the amounts to repay are 0 when the CRA revoked the plan registration

G.3.7.1. Calculating the incentive amounts to repay for reason "07"

The promoter must repay the remaining amounts of the following incentives in the plan (immediately before the CRA revoked the plan registration):

- the CESG

- the CLB

- the BCTESG

G.3.8. Reason "08" – Ceases to meet sibling only condition

Trigger: When a subscriber adds a cousin as a new beneficiary in a family RESP.

Promoters must repay the following incentives:

- the CESG

- the CLB

- the BCTESG

The CESP system can only pay the following incentives into an individual RESP or a family RESP:

- the Additional CESG

- the CLB

- the BCTESG

Furthermore, the beneficiaries of the family RESP must be siblings (no cousins).

Once the CESP system paid those incentives into an eligible family RESP, the subscriber must be careful if they subsequently name a new beneficiary. They must ensure that the new beneficiary is a sibling of the other beneficiaries. If not, this may trigger a repayment of incentives.

G.3.8.1. Updating the "individual/sibling only" status of an RESP

When a subscriber adds a cousin to a family RESP, the promoter must submit a new contract information record (100-01) to the CESP system. The promoter must ensure that the "individual/sibling only" field set to "0" (No).

G.3.8.2. The CESG and reason "08"

A subscriber adds a cousin as a new beneficiary in a family RESP. If the CESP system paid the Additional CESG into this RESP, the promoter must:

- submit a repayment transaction (400-21), and

- use repayment reason "08" for the CESG

- even if the amount to repay is 0 when the RESP ceased to satisfy the sibling only condition

The amount of CESG to repay is the entire CESG account balance immediately before the subscriber added a cousin as a new beneficiary. This includes both the Basic CESG and the Additional CESG amounts.

G.3.8.3. The CLB and reason "08"

When a subscriber adds a cousin as a new beneficiary in a family RESP and the CESP system paid the CLB into this RESP, promoters must:

- submit a repayment transaction (400-21), and

- use repayment reason "08" for each beneficiary for whom the CLB was paid in the RESP

- even if the amount to repay is 0 when the RESP ceased to satisfy the sibling only condition

The amount of the CLB to repay is the quite simple. It is the total balance of all the CLB accounts in the RESP immediately before the subscriber names a cousin as a new beneficiary.

G.3.8.4. The BCTESG and reason "08"

When the subscriber adds a cousin as a new beneficiary in a family RESP and the CESP system paid the BCTESG in this RESP, the promoter must:

- submit a repayment transaction (400-21), and

- use repayment reason "08" for the BCTESG

- even if the amount to repay is 0 when the RESP ceased to satisfy the sibling only condition

The amount of the BCTESG to repay is the entire BCTESG account balance immediately before the subscriber named the cousin as a new beneficiary.

G.3.9. Reason "09" – Deceased

Trigger: The beneficiary of the RESP is deceased.

When an RESP beneficiary dies and the CESP system paid the CLB into the RESP in respect of the deceased beneficiary, promoters must:

- submit a repayment transaction (400-21), and

- use repayment reason "09" for the CLB account balance of the deceased beneficiary

- even if the amount to repay is 0 when the beneficiary died

The death of a beneficiary does not necessarily trigger a repayment of the other incentives administered by ESDC because they can use those funds:

- for other beneficiaries of the same RESP

- for an eligible replacement beneficiary in the same RESP, or

- transferred to another RESP

The CESP system may have paid other incentives administered by ESDC (other than the CLB) into the RESP. If the subscriber cannot use those incentives in the RESP or transfer them to another RESP, promoters may:

- submit a repayment transaction (400-21), and

- use a repayment reason "09" for the entire account balances of these incentives

- even if an amount to repay is 0 when the beneficiary died

G.3.10. Reason 10 – Over-contribution withdrawal

Trigger: The subscriber withdraws contributions from an RESP to correct an over-contribution for a beneficiary.

Promoters must repay the following incentive:

- the CESG

From 1996 to 2006, the lifetime contribution limit was $42,000 per beneficiary and the annual contribution limit was $4,000 per beneficiary. In 2007 or later, the annual contribution limit no longer applies and the lifetime RESP contribution limit is now $50,000 per beneficiary. This lifetime limit applies for all contributions made for a beneficiary across all RESPs in which they are a beneficiary.

Exceeding the $50,000 lifetime contribution limit per beneficiary could result in a penalty tax for the subscriber. This penalty is equal to 1% per month of the over-contribution amount until subscribers withdraw the excess contributions.

When subscribers withdraw RESP contributions to correct an over-contribution and the plan contains the CESG, promoters must:

- submit a repayment transaction (400-21)

- use repayment reason "10" for the incentives that were paid to the RESP

- even if the amounts to repay are 0 at the time of the withdrawal

G.3.10.1. Calculating the CESG amount to repay for reason "10"

RESP contributions are deemed to be withdrawn from the RESP notional accounts in the following order:

- assisted contributions made in 1998 or later

- unassisted contributions made in 1998 or later, then

- unassisted contributions made prior to 1998

The lifetime contribution amount for a beneficiary could be greater than $54,000. In that case, the CESG repayment amount due to a withdrawal to correct an over-contribution is equal to: **A / B × C**

Where:

- **A** = balance in the CESG account of the RESP immediately before the withdrawal of assisted contributions

- **B** = balance of the total assisted contributions in the RESP immediately before the withdrawal of assisted contributions

- **C** = amount of the assisted contributions withdrawal

The lifetime contribution amount for a beneficiary could always be $54,000 or less. In that case, the CESG repayment amount due to a withdrawal to correct an over-contribution is equal to 0.

For example, the parents open one individual RESP for their child. There is no other plan in existence. The following bulleted list shows the notional account balances on January 1, 2018:

- **assisted contributions:** $36,000

- **unassisted contributions:** $13,500

- **total contributions:** $49,500

- **CESG:** $7,200

On January 15, 2018, the parents contributed another $5,000 into the RESP, bringing the beneficiary's lifetime contribution amount to $54,500.
The promoter informed the parents that this last contribution resulted in the beneficiary exceeding the lifetime contribution amount of $50,000 by $4,500. The parents asked the promoter to immediately withdraw $4,500 from their contributions. This helped to minimize the 1% tax penalties per month on the amount that exceeded the $50,000 lifetime limit.

As the beneficiary's lifetime contributions had exceeded the $54,000 limit, the promoter must use the prescribed formula to determine the amount of CESG to repay:

CESG amount to repay = A / B × C

Where:

- **A** = $7,200

- **B** = $36,000

- **C** = $4,500

Therefore, the amount of CESG that the promoter must repay is:

A / B × C = $7,200 / $36,000 × $4,500 = $900

The promoter **must** withdraw the full $4,500 from the assisted contribution notional account. This is because a subscriber must withdraw all assisted contributions before they can withdraw any unassisted contributions.

Had the contribution on January 15, 2018, been only $4,000, the lifetime contribution amount would have been only $53,500. Therefore, the parents could have withdrawn $3,500 to correct the beneficiary's lifetime over-contribution amount without having to repay any CESG.

When a subscriber withdraws an over-contribution of $4,000 or less, the subscriber must inform the promoter. As an example, the subscriber may use the form entitled **Subscriber Statement for an RESP Over-contribution Withdrawal of $4,000 or less**. For more information, refer to Appendix D. Forms index. The promoter must keep this document or other declaration with the client's file. It represents a record as to why the RESP promoter did not submit a CESG repayment amount when a withdrawal of contributions occurred. This type of over-contribution withdrawal may be subject to a compliance review by ESDC.

For more information, refer to 5.8.2. Withdrawal of contributions in Chapter 5. The Canada Education Savings Grant.

G.3.11. Reason "11" – Other

Trigger: A miscellaneous situation occurs.

Promoters may have to repay the following incentives:

- the CESG

- the CLB

- the BCTESG

Promoters may use this repayment reason to repay incentives for situations that do not fall under another reason code. In some cases, CESP promoter support officers may also instruct promoters to use this repayment reason.

G.3.11.1. When an EAP is made to an individual who is not a beneficiary

A promoter could issue an EAP to an individual who is not a beneficiary of the RESP. If this happens, and the RESP contains the CESG, the CLB or the BCTESG, the promoter must repay them. The promoter will:

- submit a repayment transaction (400-21), and
- use repayment reason "11" for the incentives that remain in the RESP, even if the amounts to repay are 0

G.3.11.2. The CLB and reason "11"

If there was an eligible beneficiary replacement of a beneficiary for whom the CLB was paid to the RESP, promoters must:

- submit a repayment transaction (400-21), and
- use repayment reason "11" for the CLB
- even if the amount to repay is 0

The amount of CLB to repay is the entire CLB account balance paid in the RESP for the original beneficiary.

G.3.11.3. The BCTESG and reason "11"

If a subscriber withdraws all or part of the BCTESG and they do not use it in an EAP, promoters must:

- submit a repayment transaction (400-21), and
- use repayment reason "11" for the BCTESG in the RESP
- even if the amount to repay is 0

The amount of BCTESG to repay is the entire BCTESG account balance.

Promoters would also need to repay the BCTESG if an application for the BCTESG contained false information.

G.3.12. Reason "12" – Non-resident

Trigger: The beneficiary no longer satisfies residency requirements.

Promoters may have to repay the following incentives:

- the CESG

- the CLB

- the BCTESG

Promoters would use this repayment reason "12" to repay incentives when the beneficiary no longer satisfies the required residency requirements.

G.3.12.1. The CESG and reason "12"

Promoters should request the CESG on a contribution only if the beneficiary was a resident of Canada at the time of the contribution. A promoter may learn that a subscriber contributed for a beneficiary after a family has moved. In that case, it is possible that the beneficiary is no longer considered to be a resident of Canada. In that situation, the promoter must:

- submit a repayment transaction (400-21), and

- use repayment reason "12"

The amount of the CESG repaid should correspond to the CESG amounts that were paid into the RESP for these ineligible contributions.

The *Canada Education Savings Regulations* also specify the amount of CESG to include in an EAP. Promoters can include the CESG in an EAP on one condition. The beneficiary needs to be a resident of Canada for income tax purposes at the time of the EAP. It could happen that the beneficiary does not satisfy EAP residency criteria to receive the CESG portion in an EAP. If that happens, the promoter should not repay this CESG amount. This CESG amount can remain until:

- the beneficiary satisfies the required criteria to receive the CESG in an EAP, or

- the subscriber terminates the RESP

G.3.12.2. The CLB and reason "12"

A beneficiary can receive the CLB only if they were a resident of Canada immediately before the payment of the CLB. A promoter may learn that an RESP has received the CLB payments for a beneficiary after a family has moved. In that case, it could mean that the beneficiary is no longer a resident of Canada. In that situation, promoters must:

- submit a repayment transaction (400-21), and

- use repayment reason "12"

The amount of the CLB that the promoter should repay corresponds to the CLB amount(s) paid into the RESP after the beneficiary was no longer considered to be a resident of Canada.

The *Canada Education Savings Regulations* also specify the amount of CLB to include in an EAP. However, promoters can include it only if the beneficiary is considered to be a resident of Canada for income tax purposes at the time of the EAP. It could happen that the beneficiary does not satisfy EAP residency criteria to receive the CLB portion in an EAP. In that case, the promoter should not repay this CLB amount. It can remain in the RESP until the beneficiary satisfies the required criteria to receive it or the subscriber terminates the plan.

G.3.12.3. The BCTESG and reason "12"

The BCTESG can only be paid into an RESP if the beneficiary and the custodial parents (or legal guardian) are residents of British Columbia at the time of the application. The subscriber and custodial parent (or legal guardian) must sign a declaration on the BCTESG application form. This will confirm that this residency criterion has been satisfied.

If a promoter learns that an RESP has received a BCTESG payment and the application for BCTESG contained false information concerning the residency criteria:

- promoters must submit a repayment transaction (400-21) using repayment reason "12", and

- promoters should repay the full amount of BCTESG received as a result of this application

G.4. Transaction checklists

We encourage promoters to consult the following checklists in this section. This will help them ensure that they report all required RESP activity to the CESP system and that it is successfully processed. This applies when the circumstances or assets of an RESP has changed. The checklists are:

- [G.4.1. Plan terminations](#)

- [G.4.2. Withdrawal of contributions](#)

- [G.4.3. Transfers](#)

- [G.4.4. Adding cousins to family RESPs](#)

For more information, refer to [G.3. Repayment reason guidelines](#) in this appendix on each repayment reason, concerning:

- circumstances that trigger repayments

- incentives administered by ESDC that promoters must repay, and

- incentive amounts that promoters must repay

G.4.1. Plan terminations

When a promoter terminates an RESP, they can use the following questions to ensure that they have submitted all appropriate transactions to the CESP system.

Are there contributions remaining in the RESP? If so, will the promoter return them to the subscriber(s)?

If the answer to this question is yes, promoters may need to repay the CESG. If the contribution withdrawal normally triggered a repayment, promoters must submit repayment transactions for this incentive. They would use reason "01", even if the repayment amounts are 0.

Did the promoter pay an AIP from this RESP?

If the answer to this question is yes, promoters will first need to repay the required amounts of incentives for repayment reason "01" (if applicable). After that, they will repay all remaining amounts of the CESG, the CLB and the BCTESG and will use reason "02". A repayment transaction is mandatory for repayment reason "02", even if the repayment amounts are 0.

Has there been a payment of accumulated income to a designated educational institution in Canada? This would be because the conditions to receive an AIP have not been satisfied.

If the answer to this question is yes, promoters will first need to repay the required amounts of incentives for repayment reason "01" (if applicable). After that, they will repay all remaining amounts of the CESG, the CLB and the BCTESG and will use reason "06". A repayment transaction is mandatory for repayment reason "06", even if the repayment amounts are 0.

Has the subscriber asked the promoter to terminate the RESP? Or, must the RESP be terminated because it has been open for the maximum time limit?

If the answer to this question is yes, promoters will first need to report the required transactions with repayment reasons "01", "02" and "06" (if applicable). After that, promoters must repay any remaining incentives administered by ESDC and use reason "03". Repayment transactions are mandatory for repayment reason "03", even if the repayment amounts are 0.

Did the primary caregiver (PCG) designate this RESP as being the RESP that will receive the annual CLB payments?

If the answer to this question is yes, promoters need to stop subsequent CLB payments to this RESP. To do so, they must submit a CLB request (400-24) to the CESP system with the "grant requested" field set to "0" (No). This needs to be done for each beneficiary with an active CLB request in the RESP.

G.4.2. Withdrawal of contributions

When a subscriber withdraws contributions from an RESP, promoters can use the following questions. This will ensure that they submit all appropriate transactions to the CESP system.

Have there been investment losses in the RESP assets at the time of contract termination?

If the answer to this question is yes, the promoter must subtract the notional account balances of all incentives in the RESP from the fair market value of the RESP. This will determine the maximum amount of contributions that the promoter can return to the subscriber.

Is a beneficiary in the RESP eligible to receive an EAP?

If the answer to this question is yes, a promoter must report a contribution withdrawal to the CESP system using a PSE contribution withdrawal (400-14) transaction. As contribution withdrawals in this situation do not trigger a repayment of the CESG, the promoter is not required to submit a repayment transaction (400-21). As a reminder, promoters need to ensure that they receive the required proof of enrollment to assess the eligibility to receive an EAP.

Was the withdrawal of contributions to correct an over-contribution for a beneficiary?

If the answer to this question is yes and the RESP contains the CESG, the promoter must report a repayment transaction. They would use reason "10" for the CESG, even if the amounts to repay are 0.

If the over-contribution amount is not greater than $4,000, the amounts of the CESG to repay are 0. Otherwise, the promoter must use the prescribed formulas to calculate the amount of the CESG to repay.

G.4.3. Transfers

When a subscriber transfers funds from an RESP to another, promoters can use the following questions. This will ensure that they have submitted all appropriate transactions to the CESP system.

Are there any conditions that have not been satisfied for the eligible transfer of all incentives?

If the answer to this question is yes, the promoter must submit a repayment transaction. They will use repayment reason "04" for the CESG, the CLB and the BCTESG in the relinquishing RESP.

Prior to the transfer, the promoter may also repay only the incentives that would otherwise result in an ineligible transfer. To do so, they will use repayment reason "04", and then transfer all remaining assets in an eligible transfer.

Are there pending applications for incentives in the relinquishing RESP?

If the answer to this question is yes, the promoter of the relinquishing RESP will need to proceed with another transfer after the initial one. The relinquishing promoter will transfer any pending applications of incentives paid to the original RESP that they receive after the transfer of the funds. Promoters must submit new transfer-out transactions (400-23) and transfer-in transactions (400-19) to the CESP system to report these subsequent transfer amounts. Relinquishing promoters must also send amended transfer forms to the receiving promoters to indicate any subsequent transfer of funds.

Has the subscriber made a request to terminate the RESP after the completion of a full transfer?

If the answer to this question is yes, the relinquishing promoter must submit a repayment transaction. They will use repayment reason "03", even if the incentive amounts to repay are 0.

If the subscriber terminates the relinquishing RESP, did the PCG originally designate the relinquishing RESP as the RESP that would receive the annual CLB payments?

If the answer to this question is yes, the promoter will need to stop subsequent CLB payments to the relinquishing RESP. To do so, the relinquishing promoter must submit a CLB request (400-24) to the CESP system with the "grant requested" field set to "0" (No). The promoter needs to do so for each beneficiary with an active CLB request in the relinquishing RESP.

G.4.4. Adding cousins to family RESPs

A subscriber could add a cousin as a new beneficiary to a family RESP. In that case, promoters can use the following questions to ensure that they submit all appropriate transactions to the CESP system.

Did the promoter update the "individual/sibling only" designation for the RESP in the CESP system?

When a subscriber adds a cousin as a new beneficiary in an existing family RESP, the promoter must inform the CESP. The promoter will submit a new contract information (100-01) record to the CESP system with the "individual/sibling only" field set to "0" (No).

Have there been any payments of the Additional CESG to the RESP?

If the answer to this question is yes, the promoter must submit a repayment transaction using reason "08" for the CESG. They must repay the entire CESG account balance, prior to adding the cousin. The CESG account balance includes both the Basic and the Additional CESG amounts paid into or transferred to the RESP.

Has there been a payment of the CLB in the RESP?

If the answer to this question is yes, the promoter must submit a repayment. They will need to submit a separate repayment transaction for the CLB using reason "08", for each beneficiary for whom the CLB was paid. They will have to repay the entire CLB account balance of each beneficiary in this RESP.

Has there been a payment of the BCTESG in the RESP?

If the answer to this question is yes, the promoter must submit a repayment transaction using reason "08" for the BCTESG. The promoter must repay the entire BCTESG account balance, prior to adding the cousin.

G.5. Repayments and investment losses

G.5.1. Order of losses in an RESP

The following order applies RESP investment losses and promoters must consider adhere to it:

- first to the accumulated income in an RESP

- then to the RESP contributions, and

- if all contributions in the RESP are deemed to have been depleted due to investment losses, any remaining loss is deemed to be applied proportionally across the federal and provincial incentives that are remaining in the RESP

G.5.2. When there are insufficient funds to repay all incentives

Promoters can be required to repay only a total amount of incentives equal to the fair market value of the RESP. This happens if:

- the fair market value of an RESP is reduced due to investment losses, and

- the combined amount of incentives that must be repaid is greater than the current fair market value of the RESP

If the promoter must repay multiple incentives from an RESP, the federal and provincial incentives repayments must be proportional to the incentive account balances prior to the repayment.

Promoters must use a formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB.

The list of events that triggers repayments when there is a significant investment loss in an RESP is described in the *Canada Education Savings Regulations*, subsection 11(3).

Formula to repay the federal education savings incentives in cases where the fair market value is less than the total of the balance of the CESG and the CLB

$(C \times Y) / (Y + G)$ = amount of federal incentive (CESG, CLB) to be repaid:

- **C** is the fair market value of the property held in the RESP, determined immediately before the time of the occurrence

- **Y** is the total balance in the grant account and all of the CLB accounts of the RESP immediately before the time of the occurrence, and

- **G** is the total balance of the amounts that were paid into the RESP under a designated provincial program, in the RESP immediately before the time of the occurrence

For example, a subscriber chooses to terminate an RESP which triggers the repayment of all remaining incentives in the plan. However, when the promoter terminates the RESP, the fair market value was less than the combined incentive notional account balances as shown in the bulleted list:

- **RESP market value:** $3,000

- **earnings:** $0

- **contributions:** $14,000

- **CESG:** $2,800

- **BCTESG:** $1,200

The amount of incentives to repay in this example would normally be $4,000.

$2,800 in CESG + $1,200 in BCTESG = $4,000 total balance of all incentive notional accounts.

The fair market value was less than the total amount of incentives to repay. In that case, the promoter must repay only a total amount of $3,000 (the fair market value).

Based on the federal education savings incentives repayment formula in cases where there is an investment loss in an RESP, the RESP promoter must repay $2,100 of CESG.

Calculation: Amount of the CESG that promoter needs to repay to ESDC

($3,000 × $2,800) / ($2,800 + $1,200) = $2,100

The remaining $900 in the RESP is the amount of the BCTESG that the promoter will need to repay to ESDC.

Calculation: Amount of the BCTESG that the promoter needs to repay to ESDC

$3,000 − $2,100 = $900

CESG repayable = $2,100

BCTESG repayable = $900

Total repayable = $3,000

> **Note**: If more than one federal or provincial incentive is remaining in the RESP, the promoter must determine the proportion of each incentive to repay.

The promoter must report these repayment amounts to the CESP system in a repayment transaction (400-21) with a repayment reason of "03".

When the promoter terminates the RESP, they must also submit a termination adjustment transaction (400-22) to the CESP system. This will ensure that the promoter reports the amount of incentives that they cannot repay due to investment losses. The promoter will report the amounts lost on each incentive. In this example, those amounts are:

- the CESG loss = $2,800 − $2,100 = $700

- the BCTESG loss = $1,200 − $900 = $300

- **total investment lost = $1,000**

When repayment amounts are proportional to the incentive notional account balances, the investment loss is also shared by the federal and provincial incentives in the same proportion.

The CESG share of loss = $700 / $1,000 = 70% of the loss

The BCTESG share of loss = $300 / $1,000 = 30% of the loss

Total share of investment losses = 100%

Promoter must only use termination adjustments:

- when they terminate an RESP, and

- investment losses prevent the full repayment of all incentives

When subscribers request contribution withdrawals after a market loss, promoters must determine the maximum contribution withdrawal amount. For additional information, refer to Chapter 3. The Canada Education Savings Program system and Interface Transaction Standards and section 3.5.12.4. Withdrawing contributions after a loss.