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Back to School, 2004

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Planner

Education saving strategies:

GRANDPARENTS TO THE RESCUE?

"You're pregnant!" gasped Graunt.

Uvic student and resort dockboy Sigh-Anne had cornered her father over morning coffee, insisting on an immediate conference.

"No," she soothed. "The costs of post-secondary education."

"Oh," he moaned, "The Horror!"

Sigh-Anne is returning to the University of Victoria: tuition, residency, fees, and books all to cost nearly \$10,000.

"When you were a boy," she began, "Besides walking to school uphill both ways barefoot through the snow, you set chokers in the summers you went to university. It took you six weeks of work to make tuition, room and board, anything more being gravey. Uncle Weaze was able to do the same or better deckhanding on a seine boat, as was Uncle Coff, who worked a packer. You needed, let's say, 350 hours work to max out. Could you do it?"

"Piece a cake," he agreed. "I didn't need to work during the school year, and I didn't need to sponge. . . borrow, I mean borrow, from my folks."

"Can you," she asked softly,

*48 kg

**Graunt earned \$3.45/hr when tuition was \$428 annually. 2004 numbers are \$23.21 and \$3,675. Wages rose less than 7 times while tuition increased 12 fold.

***Sources: 1996 Angus Reid poll; 1997 Environics poll

"Get me a job setting chokers?"

"Pardon me?" he blurted, wise enough to withhold any comment which might be impugned as sexist by his 105 pound* daughter.

"If I could get the same job you had at today's rates, and get two weeks more than you, I could nearly pay my tuition, books, and residency costs.**

65% of grandparents are willing to contribute toward a grandchild's university costs.

One percent are asked.***

But if I'm stuck working the docks, and stay at home and live off you and Mom for the summer, it takes seven months. In other words, it costs me more than two summers to buy two semesters."

"Those were different times," intoned Graunt, suddenly old. "We had half as many people in this province, and more than twice as many jobs in the bush. There was no US war on our lumber, and what the US couldn't take, Japan was thrilled to have. But today, you know, given technological change, I'm not even sure there's such a thing as a chokerdog anymore."

"So," she deduced, "The only way to make this work, is to be the dockboy all summer, waitress part time during the academic year, mooch off you as much as possible, and borrow \$5,000 each year. Boy, that's not something I'd wish on my child."

"You're pregnant!"

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The daughter did not belabour the obvious. Her father would be in a financially healthier position to help her own daughter than herself. It is a Canadian fact of life.

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"No, but someday I may be, and Stats Canada says little Sigh will need over \$96,000 for Uvic. But you, the prospective grandfather, can solve this problem for as little as \$167.67 a month. Here," she shoved a spread sheet under her father's nose. (See table below).

"Your contribution to a Registered Education Savings Plan (RESP) will earn a 20% Canadian

Education Savings Grant (CESG). For \$2,000 annually, the RESP receives the maximum annual grant, \$400.

"NEW FOR 2005 is an "enhanced" grant of a further 20% on the first \$500 contributed each year. This applies as long as net family income remains under \$35,000. Over \$35,000 and under \$70,000 sees a 10% enhancement.

"ALSO NEW FOR

CHILDREN BORN STARTING THIS YEAR is the so-called Canada Learning Bond, which is no bond at all but an "entitlement" of up to \$2,000 – to be paid directly by government into an RESP. As long as the family qualifies for the National Child Benefit (a part of the Canada Child Tax Benefit), they qualify for this so-called Bond. See the chart for how it's applied.

"Here," she points to the right hand column, "See the results gained at a measly 6% return. Little Sigh can spend each summer with you, working as a dockboy to earn her books and cash expenses, but, you, through your grandparental perspicacity, will have covered her tuition and residency costs. Neat, eh?"

"Neat," he agrees, "And, uh, when do we start this RESP for, uh, Little Sigh?"

"I'll keep you posted."

WARNING:

Not all on Registered Education Savings Plans are created equal. Contact John for further information.

WWW.JOHNQREGG.COM



Age	Annual-RESP Contribu-	Canadian Education Savings	Enhanced CESG (low in-	Canada Learning Bond	RESP @ 6%
Newborn	2000	400	100	500	3000
1	2000	400	100	100	5780
2	2000	400	100	100	8727
3	2000	400	100	100	11850
4	2000	400	100	100	15161
5	2000	400	100	100	18671
6	2000	400	100	100	22391
7	2000	400	100	100	26335
8	2000	400	100	100	30515
9	2000	400	100	100	34946
10	2000	400	100	100	39643
11	2000	400	100	100	44621
12	2000	400	100	100	49898
13	2000	400	100	100	55492
14	2000	400	100	100	61422
15	2000	400	100	100	67707
16	2000	400	100	100	74270
17	2000	400	100	100	81226
TOTALS	\$36,000	\$7,200	\$1,800	\$2,000	\$86,099

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