



## Scotia Self-Directed Education Savings Plan Withdrawal Directions

In these directions, the terms **you** and **your** refer to the Subscriber(s). The term **we**, **our** and **us** refer to Scotia Capital Inc. and, where applicable, The Bank of Nova Scotia Trust Company (Scotiabank), the trustee.

Subscriber Name

Account Number

Co-Subscriber Name

### Educational Institution Information

Please fully complete this section if requesting an Educational Assistance Payment (EAP) and/or a Capital Withdrawal (PSE). The beneficiary must be currently enrolled in this qualified, Post Secondary Educational Institution.

Name of Educational Institution		<input type="checkbox"/> University <input type="checkbox"/> Trade School <input type="checkbox"/> College <input type="checkbox"/> Other	
Street Address		City	Prov.      Postal Code
Start Date (Current Year) (MM/DD/YY)	Program Length (In Years)	Program Year (Current)	Program Weeks Per Year

### Beneficiary Information

Please fully complete this section if requesting an Educational Assistance Payment (EAP) and/or a Capital Withdrawal (PSE).

Beneficiary Name		Beneficiary SIN	
Street Address		City	Prov.      Postal Code

### Withdrawal Amount

Please complete with the total withdrawal amount and allocate it to one or more of the withdrawal types below (Sections A, B, C, or D). The sum of all withdrawal types must equal the Total Withdrawal Amount.

Total Withdrawal Amount	\$
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#### A. Educational Assistance Payment (EAP)

EAP's are comprised of Provincial and/or Federal incentives (Incentives) and/or Income and are taxed to the named beneficiary in the year in which the EAP is made. Proof of enrollment is required.

A T4A will be issued to the beneficiary

The EAP amount cannot exceed the sum of total Incentives and Income in the account on the date of withdrawal. Any amount in excess of the EAP can be withdrawn as a Post Secondary Education (PSE) Capital Withdrawal (below).

Please complete this section for the EAP portion of the above Withdrawal Amount. Please complete the Educational Institution Information and the Beneficiary Information sections above. Proof of beneficiary enrollment is required (see reverse for more information).

Requested EAP Amount	\$
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Is the above named beneficiary a Canadian Resident at the time of the withdrawal? ☐ Yes ☐ No

If NO, Incentives are not eligible for withdrawal as part of the EAP, and the appropriate amount of Non-Residents tax will be withheld on the withdrawn amount.

The maximum lifetime Canada Education Savings Grant (CESG) a beneficiary can withdraw is \$7,200. This includes basic and additional CESG and is calculated per beneficiary, not per RESP.

☐ Bank account on file    ☐ Cash/Bank Account \_\_\_\_\_    ☐ Cheque at iTRADE Center    ☐ Mail Cheque  
☐ Pay to subscriber    ☐ Pay to Beneficiary    ☐ Pay to \_\_\_\_\_

#### B. Capital Withdrawal

The Capital Withdrawal amount cannot exceed the lesser of:

1) Net amount of contributions

or

2) Total Equity less Net Incentives in account

Please complete this section for the Capital portion of the above Withdrawal Amount.

Is a beneficiary named on the plan currently enrolled in a Qualified Post-Secondary Educational Institution?

☐ YES - Capital Withdrawal (PSE) - Please complete the Educational Institution Information and the Beneficiary Information sections above. Incentives will not be repaid. Proof of beneficiary enrollment is required (see reverse for more information).

☐ NO - Some or the entire amount of the Incentives received into the account will have to be repaid.

Requested Capital Withdrawal Amount	\$
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☐ Bank account on file    ☐ Cash/Bank Account \_\_\_\_\_    ☐ Cheque at iTRADE Center    ☐ Mail Cheque  
☐ Pay to subscriber    ☐ Pay to Beneficiary    ☐ Pay to \_\_\_\_\_

#### C. Accumulated Income Payment

A completed and signed T1171 CRA form must accompany this form when requesting a Rollover to the Subscriber's RRSP.

Please see reverse for other important AIP requirements, options, criteria and applicable withholding taxes that may apply.

Please complete this section for the Gross AIP portion of the above Withdrawal Amount

This type of withdrawal is used when none of the Beneficiaries are enrolled in a Qualified Post-Secondary Educational Institution. The RESP must be terminated before March 1 of the year after the year in which the first AIP is made. If Incentives remain in the account they must be repaid.

☐ Pay the Subscriber: (choose payment option)    ☐ Cheque    ☐ Cash Account No. \_\_\_\_\_  
☐ Rollover to RRSP Account No. \_\_\_\_\_  
☐ Rollover to Spousal RRSP Account No. \_\_\_\_\_

#### D. Payment to a Canadian Designated Educational Institution

Please complete this section for the Payment to a Canadian Designated Educational Institution portion of the above Withdrawal Amount. This withdrawal is not a tuition payment. It is considered a gift to the Educational Institution named below. Make this withdrawal payable to the following educational institution:

Name of Educational Institution			
Mailing Address	City	Prov.	Postal Code

### What You Agree to When You Sign This Form

In cases of joint RESP accounts, we can accept instructions from either Subscriber requesting a withdrawal.

By signing this document you hereby declare that you have read and understood the information on page 2 of this form. If this request includes an EAP, you hereby declare that you understand the tax implication to the beneficiary associated with this EAP.

Also, you hereby declare that you will notify us of any changes in your tax residency status or in the tax residency status of the beneficiary(ies).

Signature of Subscriber or Co-Subscriber	Date (MM/DD/YY)
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## **The RESP account's total equity is comprised of three categories:**

1. **Capital:** The total amount of all contributions made to the plan, since its inception. Capital, when withdrawn, is neither taxable to the Subscriber nor to the beneficiary.
2. **Incentives:** Federal and provincial Incentives administered by Employment and Social Development Canada (ESDC) (Canada Education Savings Grant (CESG) and Canada Learning Bond (CLB)) and by Revenu Quebec (Quebec Education Savings Incentive (QESI)). When withdrawn as part of an EAP for a beneficiary, it is considered taxable income to the beneficiary for the year in which it is withdrawn.
3. **Income:** The total amount accumulated on the investment of the contributions made and incentives received. Income is also taxable to the beneficiary for the year in which it is withdrawn as part of an EAP (Total Equity of RESP) - (NET Capital + NET Incentives) = (Income)

## **Educational Assistance Payment (EAP) – Taxable to the Beneficiary**

This type of withdrawal is only available during the time period in which the beneficiary is enrolled in a Qualified Post-Secondary Educational Institution. These withdrawals are composed of the **Incentives and Income only** and are taxed to the beneficiary named on the withdrawal. The Subscriber may only determine the total amount of E.A.P that they wish to withdraw. They cannot determine the separate amounts of Incentives and Income that will make up the total amount of the EAP.

The amounts withdrawn from the Incentives and Income are calculated based on a prescribed formula and criteria established and regulated by ESDC and Revenu Quebec. For example, an RESP account has Total Equity of \$15,000.00, Net Capital of \$10,000.00, Net CESG of \$2000.00, beneficiary's Net CLB of \$1,500.00. The remaining amount of \$1,500.00 is Accumulated Income. Also beneficiary #1 has already been paid \$5,000.00 worth of CESG. The Subscriber requests an EAP of \$3000.00 for beneficiary #1.

**A)** The portion of an EAP that is attributable to **CLB** is equal to **A** (amount of the EAP) × **B** (the balance in the beneficiary's CLB account immediately before the payment of the EAP) / **C** (total amount available to the beneficiary for an EAP) =  $\$3000.00 \times \$1,500.00 / (\$2,000.00 + \$1,500.00 + \$1,500.00) = \$900.00$

**B)** The portion of an EAP that is attributable to **CESG** is the lesser of:

a) **A** (amount of the EAP) × **D** (the balance in the beneficiary's CESG account immediately before the payment of the EAP) / **C** (total amount available to the beneficiary for an EAP) =  $\$3000.00 \times \$2,000.00 / (\$2,000.00 + \$1,500.00 + \$1,500.00) = \$1,200.00$

b)  $\$7,200.00 - \text{Total Grant Paid (including transferred in Grant Paid)} = \$7,200.00 - \$5,000.00 = \$2,200.00$

The portion of an EAP that is attributable to **CESG** is, therefore, \$1,200.00

**C)** The portion of an EAP that is attributable to **Accumulated Income** is equal to **A** (amount of the EAP) × **E** (the amount of the accumulated income in the RESP immediately before the payment of the EAP) / **C** (total amount available to the beneficiary for an EAP) =  $\$3000.00 \times \$1,500.00 / (\$2,000.00 + \$1,500.00 + \$1,500.00) = \$900.00$

*Note: EAP's are limited to \$8000.00 within the first 13 consecutive weeks of enrollment in full-time studies. Full-time studies require at least 10 hours per week in an educational program that lasts at least three consecutive weeks (13 consecutive weeks if the program is outside Canada and not at a university).*

Proof of Enrollment consists of a letter/document on educational institution's letterhead/stationary, containing the institution's name and complete address (including postal code), date of issue (must be currently dated), student's name (and student number, if available), confirmation that the student is currently enrolled in the program at the educational institution and the enrollment status (full-time or part-time). If the letter/document as described cannot be obtained, an invoice from the educational institution may also be accepted if all of the listed information is on the invoice.

The proof of enrollment must accompany a completed RESP Withdrawal Form, authorized by the RESP Subscriber when requesting an EAP or a Capital Withdrawal (PSE).

## **Capital Withdrawal – Not Taxable to Beneficiary nor Subscriber**

This type of withdrawal is used to return all or part of the original contributions made to the plan. The withdrawal is not subject to tax, but will incur a repayment of incentives, if none of the beneficiaries named on the plan are enrolled in a Qualified Post-Secondary Educational Institution.

Once one or more of the beneficiaries named on the plan is enrolled in a Qualified Post-Secondary Educational Institution, the Subscriber(s) may choose to withdraw any amount of the remaining capital to themselves without any tax implications or repayment of Incentives.

## **Accumulated Income Payment (A.I.P.) – May be Taxable to Subscriber (see details below).**

This type of withdrawal is used to completely collapse an RESP account, and withdraw **all income** to the Subscriber. If at the time of withdrawal there is a balance of Incentives, the Incentives must be repaid. To request an A.I.P., the following must be true:

- the Subscriber must be a resident of Canada
- the plan must have existed for a minimum of ten years. Please use the Origination Date to age the account if the account was transferred in.
- all beneficiaries named on the plan are a minimum of 21 years of age and are not enrolled in a Qualified Post-Secondary Educational Institution at the time of the withdrawal.

If the above conditions are not met, an A.I.P. can still be requested if:

- all of the beneficiaries named on the plan are deceased, or suffer from a long-term medical condition (appropriate proof issued by a Physician is required), which will prevent them from attending a Qualified Post-Secondary Educational Institution or,
- the remaining income is paid as a gift to a Canadian designated educational institution identified on the front of this form (D).

Once the plan has met the requirements necessary for an A.I.P., one of the following types of A.I.P. can be processed.

**A.I.P. Withdrawal** – This type of payment is paid directly to the Subscriber and is considered to be taxable income in the year in which it is withdrawn. The A.I.P. withdrawal amount is subject to 20% surtax (12% for residents of Quebec), as well as the normal RSP deregistration tax of 10% - 30% (depending on the amount of A.I.P.). A T4A will be issued to the recipient of the A.I.P. and will report the amounts of the A.I.P. and the tax withheld. The said recipient will have to file with CRA a completed T1172 form in order to calculate any additional tax owed on the A.I.P.

**A.I.P. Rollover to RRSP** – This type of payment may be transferred to either the subscriber's RRSP or the RRSP of the subscriber's spouse or common-law partner provided that there is sufficient contribution room. This kind of withdrawal cannot be processed for a subscriber who became the subscriber because of the death of the original subscriber. The Subscriber is required to complete a CRA form T1171 and submit it with this withdrawal form. Form T1171 is used to calculate the amount of A.I.P. that is eligible to have the tax withholding waived when the A.I.P. is transferred to an RRSP as a contribution. Please note that if the A.I.P. Rollover exceeds either the allowable RRSP contribution room OR \$50,000.00 (the allowable life time limit), the excess portion will be treated as an A.I.P. Withdrawal and taxed accordingly. This Withdrawal Form, CRA form T1171 and CRA form T1172 must be completed by the Subscriber of the plan. In cases of joint Subscribers, either Subscriber can complete all forms. Please note that the Subscriber will have to file the T1171 and T1172 forms with his/her annual tax filing.

Form T1171 "TAX WITHHOLDING WAIVER ON ACCUMULATED INCOME PAYMENTS FROM RESPs" can be found at the following link:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1171.html>

Form T1172 "ADDITIONAL TAX ON ACCUMULATED INCOME PAYMENTS FROM RESPs" can be found at the following link:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1172.html>

**When an AIP is processed, the RESP must be terminated before March 1 of the year after the year in which the first payment is made.**

## **Payment to a Canadian Designated Educational Institution – Not Taxable to Beneficiary nor Subscriber**

This type of withdrawal may be requested at any time however, it is generally requested when the conditions of an AIP or an EAP can not be met and the RESP contains a small Income balance.

## **Authorization**

The Subscriber's authorization is required for all payment types. If the plan has Joint Subscribers, either one's signature is required for all payments types.