

GLOSSARY OF TERMS

Beneficiary

A 'beneficiary' under a Registered Education Savings Plan is an individual named by the subscriber who will receive Education Assistance Payments (EAP), if the individual qualifies under the terms of the plan.

Grant

Refers to any grant that is administered under the CES Act (Canada Education Savings Act) or a program administered pursuant to an agreement entered into under Section 12 of the CES Act.

Education Savings Plan

According to the Income Tax Act, an 'education savings plan' is a contract entered into at any time between a subscriber and a promoter under which the Promoter agrees to pay or cause to be paid Educational Assistance Payments to or for one or more Beneficiaries.

Educational Assistance Payment (EAP)

An 'Educational Assistance Payment' means any amount other than a refund of payments, paid out of an Education Savings Plan to or for a beneficiary to assist the beneficiary to further the beneficiary's education at a Post-Secondary Education Institution, and in most cases, consists of CESG and growth paid or payable under an RESP to or for a beneficiary to assist with the beneficiary's education at the post secondary school level. These amounts do not include refunds of contributions made to the subscriber of the plan. A beneficiary who is a full-time student cannot receive more than \$5,000 in the form of an EAP during the first 13 weeks of his or her post secondary education. Part-time students may receive up to \$2,500 for each 13-week semester. For courses under 13 weeks, the EAP is limited to the cost of tuition plus \$300 per week of study.

Educational Assistance Payments to the plan's beneficiary can begin once he/she becomes a full-time student or part-time student in a qualifying program at a post-secondary institution. The student must spend no less than 12 hours per month on courses or work in a program of at least three consecutive weeks duration. Students with disabilities may receive educational assistance payments for part-time study.

Payments may also be made if the beneficiary ceases to be enrolled in a Qualifying Educational Program or a Specified Educational Program within the six month period immediately preceding the date of the payment and the payment would have complied with paragraph 146.1(2)(g.1) of the Act had the payment been made immediately before the Beneficiary's enrollment in such program ceased.

Payments under the plan can be used to cover the student's living expenses, educational expenses such as tuition fees and books, and other relevant expenses.

Post Secondary Education Capital Withdrawal (PSE)

Post Secondary Education Capital Withdrawal is a withdrawal of contributions made by the subscriber during the time a beneficiary is eligible to receive EAP's. As the beneficiary is pursuing post-secondary education, the subscriber may withdraw his/her contributions without being required to repay any Grant amounts. The subscriber must sign the request for PSE capital withdrawals.

Post Secondary Educational Institution

A 'post-secondary educational institution' can be any of the following:

(a) A university, college, or other educational institution in Canada that is designated for purposes of the Canada Student Loans Act or the Canada Student Financial Assistance Act, or for the purposes of an Act respecting Financial Assistance for Education Expenses (Quebec).

(b) An educational institution in Canada certified by the Minister of Human Resources and Skills Development to provide courses not designed for university credit, that furnish or improve an individual's occupational skills.

(c) A university, college, or other educational institution outside of Canada that provides post-secondary courses, provided the beneficiary is enrolled in a course that runs at least 13 consecutive weeks.

Promoter

The promoter can be any person or organization offering an Education Savings Plan to the public.

Proof of Enrolment

Proof of enrolment documents must include the following information:

- (1) Student name
- (2) Program name
- (3) Reference to the semester (e.g. Fall 2011)
- (4) School name and address with either a logo or letterhead of the school
- (5) Tuition costs (to help determine full or part-time status)

Subscriber

A subscriber is a person or public primary caregiver who enters into an RESP contract with the promoter or a person who has acquired a subscriber's rights under the RESP as provided for in the Income Tax Act (Canada). The subscriber agrees to contribute to the contract on behalf of the beneficiary.

Trustee

The Income Tax Act requires RESP funds to be held by a corporation licensed to be a trustee. The trustee is engaged by the promoter and can be the promoter itself. The Grant will be provided directly to the plan trustee or its authorized agent. The trustee of the ESP is Sun Life Financial Trust Inc.