

## Self-Determined Option Application

SUBSCRIBER(S):

BENEFICIARY:

RESP CONTRACT NUMBER:

EDUCATION FUNDING QUESTIONNAIRE	CHECK ONE
1. Will the Beneficiary of this RESP Contract be attending a post-secondary program that at least 3 weeks long in Canada, or at least 13 consecutive weeks outside of Canada in the 2010-2011 academic year? <b>If you answered YES, please proceed to question 3.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. In the event that your Beneficiary is <b>not</b> expected to attend a post-secondary program at all, would you like your Principal, less applicable fees, to be released? <b>Note: By doing so the government grants (if applicable) will be forfeited and returned to the Government. Proof of Registration is not required.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. <b>If you answered YES</b> to question 1, would you like us to release your Post-Secondary Education Capital (Principal) and Educational Assistance Payment ("EAP") after you provide a Proof of Registration? Please note the following government regulations: <ul style="list-style-type: none"> <li>Government grants, interest on government grants (if applicable), and Interest on Principal may be withdrawn as an EAP only if the Beneficiary is/was pursuing a post-secondary program (certain conditions apply)</li> <li>A Beneficiary may not receive more than \$2,500 of the EAP during the first 13 consecutive weeks of his/her post-secondary program (program of study must be no less than 12 hours per month)</li> <li>A Beneficiary may not receive more than \$5,000 of the EAP during the first 13 consecutive weeks of his/her post-secondary program (program of study must be no less than 10 hours per week)</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. <b>Please attach a void cheque.</b> If this RESP Contract has two Subscribers and the void cheque is in one Subscriber's name, we will require both Subscribers' initials authorizing Heritage to deposit the funds into the Canadian financial institution account specified. <b>The void cheque must be sent together with this application.</b> If the account does not belong to a Subscriber, Heritage requires a letter that is signed by both Subscribers authorizing the payment.	_____ Subscriber(s)' Initials
5. EAPs are payable to the Beneficiary. If the Beneficiary would like the EAP deposited into your account, Heritage requires the Beneficiary's authorization to proceed by initialing in the space provided. <b>The void cheque must be sent together with this application.</b> If the Beneficiary would like the EAP deposited into his/her account, please attach his/her void cheque for a Canadian financial institution.	_____ Beneficiary's Initials
6. Is the Beneficiary a Canadian resident?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### AUTHORIZATION AND ACKNOWLEDGEMENT

\_\_\_\_\_  
Subscriber's Signature

\_\_\_\_\_  
Joint Subscriber's Signature (if applicable)

I understand that an EAP must only be used to assist the Beneficiary to further his/her post-secondary education. Canada Revenue Agency ("CRA") reserves the right to audit RESP Contracts and if your EAP withdrawal does not satisfy their requirement, this payment may be considered as an Accumulated Income Payment ("AIP") and will be subject to the Beneficiary's basic tax rate plus an additional 20% AIP tax (12% for Quebec Residents).

\_\_\_\_\_  
Beneficiary's Signature

\_\_\_\_\_  
Date

### **What is required from us to receive the Self-Determined Maturity payment?**

The completed Self-Determined Option ("SDO") Application which bears the Subscriber(s)'s and Beneficiary's signature(s) along with a void cheque for a Canadian financial institution are required to process your application. If the Beneficiary is pursuing a post-secondary program, the Proof of Registration or Offer of Admission is also required.

### **Who is a Qualified Self-Determined Student?**

A Beneficiary who's Subscriber(s) has/have selected the SDO, who is in attendance at a recognized post-secondary institution in the Self-Determined Year of Eligibility and at any subsequent time when the Self-Determined Payments, with respect to such Beneficiary, are requested to be paid.

### **What is an Educational Assistance Payment ("EAP")?**

An EAP is any amount paid or payable under an RESP to a Beneficiary to assist with his/her education at the post-secondary level. These amounts do not include refunds of contributions made by Subscriber(s).

### **What is a Post-Secondary Capital Withdrawal ("PSE")?**

A Post-Secondary Capital Withdrawal, or Principal, is a withdrawal of contributions made by the Subscriber(s) during the time a Beneficiary is eligible to receive EAPs. Since the Beneficiary is pursuing a post-secondary education, the Subscriber(s) may withdraw the contributions without being required to repay any government grant amounts. The Subscriber(s) must sign the request for PSE Capital Withdrawals, which is on the Self-Determined Option Application.

### **What kind of programs qualify under the SDO?**

The Beneficiary must attend a program of study of at least 3 consecutive weeks long and no less than 12 hours per month on courses in Canada. If the Beneficiary is studying outside of Canada, the program(s) must be at least 13 consecutive weeks long and no less than 10 hours per week.

### **Is there a monetary limit to an EAP?**

If the Beneficiary is registered for at least 3 consecutive weeks and no less than 12 hours per month, the maximum amount that may be released for each 13-week semester of study is \$2,500. If the Beneficiary is registered for full-time studies (for at least 3 consecutive weeks and no less than 10 hours per week), the maximum amount of an EAP that may be released to a student as soon as he/she qualifies to receive an EAP is \$5,000. After the student has completed 13 consecutive weeks of full-time study, there is no limit on the amount of EAPs that can be paid if the student continues to qualify to receive them. If there is a 12-month period in which the student was not enrolled in a qualifying educational program for 13 consecutive weeks, the \$5,000 maximum applies again. Any subsequent withdrawal within the same year will be subject to a \$10.50 (GST included) processing fee.

### **When does a qualifying educational program not qualify for an EAP to be paid?**

A qualifying educational program does not include a program for which the student receives income in connection with or as part of the duties of an office or employment. However, this exclusion does not apply when a student accepts part-time or temporary employment to finance his/her education. An EAP may be paid when the Beneficiary is enrolled in classes; not during the term(s) when he/she is working in connection with their trade.

### **What is an Accumulated Income Payment ("AIP")?**

An Accumulated Income Payment is an amount, usually paid to a Subscriber, of the income earned from an RESP. It does not include the payment of EAPs or transfers to another RESP.

### **What conditions have to be met in order to receive an AIP?**

- The recipient is a resident of Canada.
- The recipient is a Subscriber of the RESP unless the Subscriber(s) of the RESP is (are) deceased.
- The Beneficiary under the RESP for whom the Subscriber(s) made contributions is deceased, or has reached 21 years of age and is not currently eligible to receive an EAP.
- The RESP has existed for at least 10 years. If the Beneficiary is deceased, the 10-year existence requirement does not apply.

### **What do we do if the Beneficiary does not attend post-secondary studies?**

If your child decides not to pursue a post-secondary education and you have selected the SDO, you may withdraw your Principal, forfeit the Canada Education Savings Grant ("CESG"), and:

- Contribute the Interest into your or your Spouse's RRSP (if your spouse is a joint Subscriber) provided that you have contribution room available and that the above conditions for an AIP have been met.
- If you do not have RRSP contribution room available and you make a withdrawal on your Principal and Interest earned, Canada Revenue Agency will levy a 20% additional penalty on the withdrawn funds (other than Principal), on top of your regular tax rate.

### **Do we have to send the Proof of Registration or Offer of Admission if we are only requesting the return of Principal?**

Yes. RESP legislation, under the Income Tax Act (Canada), states that Proof of Registration is required to release your Principal to retain the CESG in the Plan. You may request to have your Principal returned without providing the Proof of Registration or Offer of Admission; however, the government grants will be forfeited and returned to the Government.