Group Plan RESP's provide the safety needed for education savings

For many years, the latest "investment experts" have been quoted in the newspapers, on TV and radio and, more recently, on the web claiming that investing in mutual funds or GIC's was the best bet way to achieve 'long term' growth. This philosophy has often been applied by traditional banks to investing in a Registered Education Savings Plan. I believe these "experts" lack a fundamental understanding of the difference between investing for retirement and investing to pay for your child's post-secondary education. Heritage has been in the business of helping parents and grandparents save for education for over 40 years and we have offered RESPs for as long as they have been available in Canada. RESP investing isn't a secondary business for us, it's our sole focus. This focus has allowed us to truly become RESP experts.

Let me share with you something that we have learned over the years. An RESP is a savings plan for the mid-term and when you need the money, it will be used up over a relatively short period of time (usually three years). That's why it's so important to seek the safety and security of government bonds and guaranteed securities. Now, that doesn't mean that the returns in your Heritage RESP are uncompetitive; far from it. Over the years we have also become experts in how to get the high-end investment yields in your RESP, without exposing your precious savings to stock market risk.

With continued pessimism from market watchers who use the terms like recession and bear market, it is very comforting to know that my clients have made a very wise decision to subscribe to a Heritage RESP -- even if those clients may not have been fully aware of the fact that they chose one of the safest savings plans in Canada. I can only imagine how parents who invested in mutual funds that hold equities (shares in publicly traded companies) are feeling when they realize that the value of their investment may be lower than expected due to the current downturn in the stock market.

This is and always has been the greatest benefit of investing in Scholarship Plans like the Heritage RESP. The value of customer accounts has always increased year over year, regardless of the stock market's ups and downs. I would encourage all of our current clients to think about how much they are saving and to evaluate how much money they will need to pay for their children's post-secondary education. There has never been a better time to increase your savings than today.

With the Heritage RESP, the Subscriber (the person making the contributions, usually a mom or dad or grandparent) will have all of their savings returned to them. When the child enrolls in post-secondary school, they will receive cash payments based on the government grants their RESP has received over the years (such as the Canada Education Savings Grant) plus investment income earned on the savings, as well as the government grants. If you look at the opportunity that the Heritage RESP provides, the contributing subscriber has the ability to park their funds in an account with little risk of investment losses until the child's 18th birthday. This becomes a generous nest egg that immediately becomes available to the subscriber when the child enrolls in post-secondary school. Even if the child doesn't continue their education after high school, the savings are protected and entirely available to the subscriber at maturity less fees. You may even be able to transfer a portion of your savings to your RRSP, if you have contribution room available.

Let us hope that the economic situation rectifies itself in the near future and that the financial markets get back to a less volatile environment. I know that I can sleep well knowing that my clients who save with Heritage have made a very wise choice for their future and for their children's future education.

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