5 Reasons You Should Invest in RESP Plan

It's no surprise the tuition fee in Canadian colleges is very high. On average, parents have to spend around $7000 every year on their kids' education. Indeed, other educational expenses further increase the burden on the shoulders of the parents. In such a scenario, registered education saving plans are very beneficial for the parents and families to meet financial requirements for a child's education.

The RESP investment advisor in Toronto provides tax-free RESP plans that help you to save money for your child's education. Here are a few more reasons explained by RESP investment agents in Toronto why you should invest in registered education saving plans.

1. Tax-Free Registered Education Savings

The foremost reason you should invest in the RESP education saving plan is you don't need to pay taxes on the money you save in your account. This means if you are going to open an RESP account through an RESP investment agent in Toronto when your child is born, the money you save in the account grows tax-free until your baby gets 18 years old. This is why many RESP investment advisors in Canada emphasize this plan as a crucial part of their investment strategies.

2. RESP Plans Last Longer

The second biggest reason why RESP investment agents in Toronto advise investing in registered education saving plans is their long shelf life. Yes, you read it correctly! The RESP saving account can stay for 35 years. This means you can contribute money for around 31 years, or your child gets funds to complete their advanced degree. Moreover, you will be able to save funds for the child's higher education.

3. RESP Plans Benefit From 20% Annual Matches

Many people don't know that the Canadian government also contributes to the RESP account. Whatever you donate to the RESP, the government will offer a person a 20% return on the money you save in your RESP; the government would double up to $500 total per year. Throughout the lifespan of the investment account, the Canadian government will give out $7,200 in corresponding money.

Moreover, according to RESP investment agents in Toronto, lower- and middle-income parents can obtain extra funds above the original 20% match. Lower- and intermediate families may appreciate that perhaps the Canadian government will contribute an additional 20% on the first $500, which brings the overall allocation for the year to 40%.

This is one of the most significant reasons an RESP may benefit you financially. Even if you receive the "minimum" matches, you will have at least $7,200 additional cash at payment time that you did not previously have. This is approximately the average price for one year of university among most students. This is an enormous amount of financial sense for every family and may relieve financial stress for many Canadians who want to.

4. Extra Saving Investment Strategy

Diversification is always beneficial in the realm of investment. Establishing an RESP account provides additional financial resources to diversify your investment portfolio. Several financial experts advocate RESPs as part of a bigger investing plan because they can help decrease risk. While registered school savings plans are usually a less risky kind of ownership, they can help alleviate some of the anxiety commonly associated with different types of assets that carry inherent risks.

While most investors believe in a fair return on respective assets over time, there is a widespread understanding among all shareholders that there will be periods whenever the investment accounts fall, lose value, or go down.

If your child's leisure coincides with the start of college, funding for their education might become a considerable concern. Sensible investing techniques, such as RESPs, can assist in mitigating this predicament.

Another benefit is that, in contrast with other brokerage accounts, the RESP account is simple to open. When you're eager to pay towards the child's education eventually, the funds will usually be there for you despite you needing to go through excessive trouble getting it.

5. Other Members Can Also Contribute

Last but not least, the reason why the RESP investment agent in Toronto suggests investing in the RESP plans is that your other family members can contribute to the account. If you have family members or friends who want to contribute to the child, they can contribute to the child's education.

Moreover, grandparents, godparents, cousins, and others can also tangibly contribute to the child's education.

Bottom Line

Establishing an RESP, or registered education financial plan represents one of the wisest decisions you'll ever make. This tax-free investment lets you save cash for your kid's upbringing while receiving financial assistance from the Canadian government.

Furthermore, RESP funds have a longer shelf life than many other college savings choices. Because they are such solid investments, you never have to worry about the income disappearing when you need it. Unlike riskier economy investments, RESPs provide a high rate of return while minimizing risk.

If you want to know how the RESP plan could help grow funds for child education, feel free to contact INSUREDCAN. Our RESP investment advisor in Toronto provides you with all the information.