



## 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.

Account Number	
Subscriber Name	Co-Subscriber Name

### Educational Institution Information

Please fully complete this section if requesting an 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
Street Address		<input type="checkbox"/> College	<input type="checkbox"/> Other
City	Prov.	Postal Code	
Start Date (Current Year) MMDDYY	Program Length (In Years)	Program Year (Current)	Program Weeks Per Year

### 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 Grant 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 Grant 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 Any amount in excess of the EAP can be withdrawn as a Post Secondary Education (PSE) Capital Withdrawal (below).

Payment will be issued payable to the Beneficiary unless other wise specified.

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

Beneficiary Name		Beneficiary SIN	
Street Address		City	Postal Code
Requested EAP Amount		Prov.	
		\$	

Is the above named Beneficiary a Canadian Resident at the time of the withdrawal? If NO, Grant is not eligible for withdrawal as part of the EAP, and the appropriate amount of Non-Residents tax will be withheld on the withdrawn amount.  Yes  No

Mail Cheque   
  Cheque at Branch   
  Cash Account No. \_\_\_\_\_  
 Pay to Subscriber(s)   
  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 Grant in account

Payment will be issued payable to the Subscriber(s) unless other wise specified.

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?

- Capital Withdrawal (PSE) - Please complete the Educational Institution Information section above. Grant will not be refunded to CESG. Proof of Beneficiary enrollment is required (see reverse for more information).  
 Grant of up to 20% of Capital Withdrawal will be refunded to CESG.

Requested Capital Withdrawal Amount	\$
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Mail Cheque   
  Cheque at Branch   
  Cash Account No. \_\_\_\_\_  
 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 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 Grant remains in the plan, it must be refunded to CESG.

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.

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. **Grant:** The total amount received from CESG (Canadian Education Savings Grant program). Grant must be withdrawn directly to the Beneficiary or is otherwise refunded to CESG. When withdrawn for the Beneficiary, it is considered taxable income, to that Beneficiary, for the year in which it is withdrawn as part of an EAP. Each Beneficiary is limited to a life time maximum of \$7,200.00 worth of Grant as part of one or many EAP's.
3. **Income:** The total amount accumulated on the investment of the contributions made and grant 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 Grant) = (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 **Grant 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 Grant and Income that will make up the total amount of the EAP

The amounts withdrawn from both Grant and Income are calculated based on a prescribed formula and criteria established and regulated by HRDC. Grant is calculated using a two step formula. The first step is to establish the amount of grant that the beneficiary is still allowed to withdraw as part of his/her life time maximum of \$7,200.00.

$$\$7,200.00 - \text{Total Grant Paid (including transferred in Grant Paid)} = \text{Remaining Grant Maximum}$$

The second step is to determine the maximum grant amount payable to the Beneficiary using the prescribed method.

$$\text{Amount of EAP requested (A)} \times \text{Balance of Grant (B)} \div (\text{Total Equity (C)} - \text{Balance of Capital (D)}) = \text{Grant Portion (E)}$$

Once both figures are calculated, *the lower of the two Grant amounts can be paid to the Beneficiary as part of an EAP*

For example, an RESP account has Total Equity of \$15,000.00. Its total NET Capital = \$12,000.00, NET Grant Balance = \$2,000.00. The remaining \$1,000.00 is therefore Income. Also, Beneficiary 01 was already paid \$5,700.00 of Grant in the past as part of his/her EAP(s).

Subscriber requests an EAP payment of \$ 2,400.00 for Beneficiary 01. The calculation for the grant portion is as follows:

- $\$7,200.00 - \$5,700.00 = \$1,500.00$  (This sets the remaining Grant maximum that can be paid to this Beneficiary).

$$\begin{matrix} \text{(A)} & \text{(B)} & \text{(C)} & \text{(D)} & \text{(E)} \\ \$2,400.00 & \times \$2,000.00 & \div (\$15,000.00 - \$12,000.00) & = & \$1,600.00 \end{matrix}$$

$$\bullet \$2,400.00 \times \$2,000.00 \div (\$15,000.00 - \$12,000.00) = \$1,600.00$$

Due to the imposed Life Time maximum, the above example illustrates that this Beneficiary will receive \$ 1,500.00 in Grant as part of this EAP. The difference of \$900.00 of the requested EAP is made up with funds in the Income portion of the account. If there are not enough funds in the Income portion to make up for the difference, the Subscriber has the option to lower the requested EAP amount, or withdraw the difference from the account's Capital portion

*Note: EAP's are limited to \$5000.00 within the first 13 consecutive weeks of enrollment in a Qualified Post-Secondary Educational Institution. If the Subscriber requires additional funds during this period, the Subscriber may make a Capital Withdrawal payable to the Beneficiary.*

Proof of Enrollment consists of the following:

- 1st year students – "Letter of Acceptance" or a letter issued from the Qualified Post-Secondary Educational Institution stating that the Beneficiary is currently enrolled.
- Post 1st year students – a tuition Invoice or letter issued from the Qualified Post-Secondary Educational Institution stating that the Beneficiary is currently enrolled.

The proof of enrollment must accompany a completed RESP Withdrawal Form, authorized by the RESP Subscriber.

## 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 refund of grant to CESG, 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 taxation or refund of grant to CESG.

## 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 Grant in the plan, it must be refunded to CESG. 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 donated to the 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:

<http://www.cra-arc.gc.ca/E/pbg/tf/t1171/t1171-04b.pdf>

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

<http://www.cra-arc.gc.ca/E/pbg/tf/t1172/t1172-05e.pdf>

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 payment types.