

Fund your child's education for free... just by investing government grants

Here's how you can combine government grants to potentially build substantial education savings.

Invest your child's Universal Child Care Benefit (UCCB) of \$100 per month. When you set up your direct deposit for the UCCB, set up a monthly PAC for the same \$100 to be invested in a Registered Education Savings Plan (RESP).

The entire amount will be tax-sheltered. By the time your child is ready for post-secondary school, the amount may be enough to pay for your child's education, without spending a penny of your own.

Potential RESP savings over 18 years using only government education grants	
Invested Universal Child Care Benefit (UCCB)	(6 years x \$100/mth) = \$7,200
Canada Education Savings Grant (CESG)	(\$0.20/dollar contributed) = \$1,440
Alberta Centennial Education Savings grant (ACES)	\$800
RESP balance after 18 years	\$26,661

The high cost of student debt*

A recent Statistics Canada study found that between 1995 and 2005, the number of students graduating with debt loads of \$25,000-plus rose from 17% to 27%. As a result, many parents may be helping to support their adult children at the expense of their own retirement savings.

* Source: Statcan.gc.ca January 29, 2010.

Source: FMR LLC. Assumes investment of the full Universal Child Care Benefit (UCCB) of \$100 a month for 72 months and a consistent 7% per annum return, compounded monthly. Assumes the CESG is calculated using 20% of the annual contribution into the RESP for six years and the ACES grant is a \$500 grant to children born in Alberta in 2005 and beyond, as well as a \$100 grant to children who turn 8, 11 and 14 in 2005 and beyond.

Here's how RESPs work.

RESPs provide tax advantages to help you fund your child's post-secondary education.

- For every dollar contributed, 20 cents of Canada Education Savings Grant (CESG) is added (subject to annual and lifetime maximums).
- Savings can grow tax-deferred.
- ACES is a \$500 grant to children born in Alberta in 2005 and beyond, as well as \$100 grants to children who turn 8, 11 and 14 in 2005 and beyond.

- When your child begins post-secondary education, the money is withdrawn in your child's name. These amounts will be taxed at the lowest marginal tax rate – or not at all.

Speak with your financial advisor about other government programs:

- Your child may also be eligible for financial assistance through the Canada Child Tax Benefit (CCTB) or for an additional \$2,000 through the new Canada Learning Bond, depending on your family's income.

To open a Fidelity RESP account or to find out more about RESPs, speak to your financial advisor.

Read a fund's prospectus and consult your financial advisor before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions and may experience a gain or loss.

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