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# More than Money

Mining the human and financial potential of Canada's education savings programs for low-income families

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## **More than Money: Mining the human and financial potential of Canada's education savings programs for low-income families**

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### **About May Wong and Sheila Murray**

May Wong is Executive Director of the Omega Foundation which designed and leads the SmartSAVER education savings initiative. Wong is a leader in strategic giving who has worked with and advised public and private foundations in effective granting for almost 20 years. Prior to joining Omega, she was Vice-President, Community Initiatives of the Toronto Community Foundation. She also created and managed grant programs at the Toronto Atmospheric Fund and the Ontario Trillium Foundation. Wong has advised public policy and sector planning on environmental, arts and child development issues. She is a member of the board of directors of the Canadian Urban Institute and Diaspora Dialogues and is a member of the Steering Committee of the Environics Institute's Urban Aboriginal Peoples' Study.

Sheila Murray is a writer and documentary filmmaker with an MA in Immigration and Settlement Studies. With SmartSAVER, Murray creates multi-media tools to engage low-income families in RESP learning and is documenting the extraordinary stories of parents who are overcoming significant financial barriers to make post-secondary education a reality for their children.

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## About SmartSAVER

SmartSAVER helps low-income families save for their children's post-secondary education by promoting greater use of Registered Education Savings Plans (RESPs) and the Canada Learning Bond (CLB).

SmartSAVER is a creative marketing initiative involving public, private and community partners. It is a multi-faceted pilot to increase the awareness and participation of Toronto's low-income families in available education savings programs. The project's design was informed by research and cross-sectoral consultation, validated through community outreach in three neighbourhoods: Jane-Finch, Flemingdon Park and Crescent Town. Neighbourhood research included parent outreach discussions and one-on-one interviews to gather greater understanding of the barriers that prevent low-income families from accessing the Canada Learning Bond. Quotes in this paper draw on in-depth interviews with low-income parents of diverse ethnic backgrounds, including those hired to conduct outreach, as well as a settlement worker and a school principal involved in the outreach.

Parent outreach discussions involved about 300 families and were conducted by three animators hired from within their communities. Discussions took place in 14 different community-based settings including schools, childcare centres, community centres and churches. Outreach was conducted primarily in English, but also in Farsi and Tamil, drawing upon the fluency of animators.

*SmartSAVER reaches families in their own environments in their own languages by:*

- Marketing RESPs for low-income families through ethnic media and social networking;
- Engaging community organizations to promote enrolment in the Canada Learning Bond;
- Working with government to connect families with the enrolment supports they need;
- Providing multi-media, multi-lingual web information resources to help families understand and access RESP benefits at [www.smartsaver.org](http://www.smartsaver.org).

*SmartSAVER makes it easier for low-income families to find and start an RESP that suits their needs by:*

- Creating easy-to-use RESP product information geared to low-income consumers;
- Working with financial institutions to overcome process barriers to RESP participation;
- Working with government to explore opportunities for automatic enrolment.

*SmartSAVER motivates and builds education savings with charitable giving by:*

- Exploring opportunities for charitable giving to augment low-income families' saving.

## Executive Summary

Children from low-income families are less likely than their more affluent counterparts to attend post-secondary education, even when their parents put a high value on education and even when their grades are equally high. Education savings can encourage these children to pursue post-secondary education, by helping them overcome the high costs of tuition and by encouraging them to perceive that post-secondary education is within their reach.

The federal government has developed a number of tools as part of the Canada Education Savings Program to encourage saving for education. These include:

- Registered Education Savings Plan (RESP) – a tax-sheltered account for education savings with a contribution limit per beneficiary of \$50,000.
- Canada Education Savings Grant (CESG) – a matching incentive grant (maximum grant of \$7,200 per beneficiary) to motivate families to contribute to an RESP.
- Canada Learning Bond - a contribution by the federal government into the RESP of a low-income child. An initial grant of \$500 is followed by an additional \$100 per year, to a maximum of \$2000.

However, low-income families are much less likely than wealthier families to use these tools. Many low-income families don't know they exist and have limited access to accurate information about the programs. There are few resources available to parents in languages other than English and French, and the information that is available is often difficult to understand.

Banks offer individual and family RESP products which closely mirror the rules set by government, with few costs or restrictions. Unfortunately, banks do not actively promote their RESP products, so many low-income families are attracted to the more aggressively marketed group plans offered by scholarship trusts. Group plans typically require regular contributions and charge significant enrolment fees. Contributions can be lost if families are unable to meet ongoing plan requirements.

RESPs, and in particular, the Canada Learning Bond for low-income children can be effective tools to encourage greater post-secondary participation by low-income students.

This paper outlines a number of specific recommendations on how service providers, government and RESP providers can improve low-income families' access to these programs by sharing more accurate information about them and by making it easier for families to find and build an RESP that fits their needs.

## Introduction

Canada's ability to compete in the global economy depends on the capabilities of its workers. As our population ages, and the number of school-aged youth declines, all children must be encouraged to increase their skills in order to sustain and strengthen the productivity of our workforce. This is an objective that benefits all Canadians. For society, the gain is not only greater economic growth and tax revenues, but also avoided social and health costs attributed to low educational attainment.<sup>1</sup> For the individual, greater education means better jobs, employment security and substantial net financial returns.<sup>2</sup>

Post-secondary education is an almost universally desired goal. Yet, children from low-income families are less likely than their more affluent counterparts to attend post-secondary school, even when their grades are excellent and their parents place a high value on education. There is no question that money makes a critical difference. “Controlling for many other variables, financial assets, including savings are a consistent and stable predictor of later college graduation.”<sup>3</sup> As leading Canadian economist Don Drummond notes, education is the “great dividing line between those with wealth and affluence in society and those without.”<sup>4</sup> But a single, modest asset could begin to bridge this divide.

An education savings account is an effective way to encourage children in low-income families to pursue post-secondary education. Savings can encourage post-secondary goals and can improve academic performance and persistence by putting post-secondary education within a student’s financial reach.

The federal government has developed a number of tools as part of the Canada Education Savings Program to encourage saving for education. These include the RESP, which allows savings to grow sheltered from tax, the Canada Education Savings Grant (CESG), which can match RESP contributions by up to 40%, and the Canada Learning Bond, which provides up to \$2,000 in RESP contributions to low-income children. However, many low-income families don’t know these tools exist, or are given confusing or misleading advice about these programs.

This paper outlines in further detail how savings can encourage increased participation in post-secondary education, describes the federal government savings tools, and explores why so many low-income families are not benefiting from these programs. It also offers concrete recommendations to government, service providers and private sector RESP providers on how to overcome the barriers that many low-income families face when trying to save for their children’s education.

## Savings encourage post-secondary participation

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*“Without skills or education you can’t get a good job.” — Ebrahim*

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Ebrahim is definite on this point. An IT professional who's re-building his career after immigrating to Canada in 2008, he's speaking as much about his current situation as about what he anticipates for his four children. This same certainty about the value of education is expressed by many; from low-income parents to economists. Yet while over 50% of students from the highest income quartile go to university, only 30% from the lowest quartile go.”<sup>5</sup> Even among those students with an A+ average, students from low-income families are 10% less likely to attend post secondary than those in the highest income quartile.<sup>6</sup>

To explain why low-income students are so much less likely to pursue a post-secondary education (PSE), researchers have suggested a range of factors besides their ability to pay, such as parents' lower education level. Increasingly, however, the poor in Canada are, like Ebrahim, highly educated and highly skilled.<sup>7</sup>

Parental expectations are also cited as a factor in low-income students' lower PSE participation. Young Canadians who feel that their parents expect them to go on to post-secondary education are much more likely to do so than those who feel their parents do not (67% compared with 34%).<sup>8</sup> A 2002 study of over 10,000 Canadian children found that "the vast majority of children (95%) who were expected to complete at least high school had parents who believed that good grades and a post-secondary education were important.<sup>9</sup> But parents' hopes for their children's education are equally high across the economic spectrum. A survey of the parents of 95,000 Toronto students identifies a tight range of 92-94% of parents wanting their children to attend university or college across all income levels.<sup>10</sup>

Access to post-secondary education is a financial issue. The participation gap is between those who can afford an education in Canada and those who can't.<sup>11</sup> In just under 20 years, average undergraduate university tuition has more than tripled—from \$1,818 in 1991-1992 to \$5,951 in 2009-2010.<sup>12</sup> The Canada Millennium Scholarship Foundation (CMSF)'s student survey found that "senior high students indicate that the most common barriers to furthering their education after high school relate to not having enough money."<sup>13</sup>

Loan financing doesn't adequately address the financial hurdle for those lacking funds. Low-income students are found to be much more hesitant to assume debt to pay for an education than high-income students.<sup>14</sup> Their higher aversion to debt leads particularly "high-achieving, low-income students...to have a significantly higher belief that they have options outside of PSE — that is, a greater tendency to agree with statements such as 'Good jobs can be found without a PSE' and 'You can learn enough about the real world without a PSE'."<sup>15</sup> Lower income Canadians in particular are found to overestimate the cost of PSE and underestimate its benefits.<sup>16</sup> "From the perspective of these individuals, the net rate of return to PSE is negative and the decision to forego investment in PSE is hence, an economically rational decision."<sup>17</sup> Scholarships and bursaries can relieve the cost of PSE, but will not benefit low-income students

who never apply to attend PSE. In Toronto, two-thirds of graduating students in the city's most affluent neighbourhoods apply to university, while in the city's poorest neighbourhoods, about two-thirds do not apply.<sup>18</sup> Seeding education savings however, could improve low-income students' pursuit of PSE and access to these other financial tools.

Research also suggests that education savings may play a role in low-income students' academic performance. Studies show that youth who have some savings earmarked for their education are 50% more likely to participate in post-secondary education than those who have none<sup>19</sup> and children with as little as \$3,000 in savings are more likely to graduate from high school.<sup>20</sup> A recent study finds that for children as young as 11, their perception of whether college is financially possible influences their school-focused goals and the effort they put into their school work.

"If college seems too expensive, what is the point of homework? Doing homework, studying, staying after school for extra help, and going to the library for extra reading make little sense if all of these are focused on a future that is blocked... Adolescents in low-income contexts can more effectively reach toward higher goals when they perceive an open path connecting their efforts to their desired college-bound future selves."<sup>21</sup>

Despite the importance of education savings, Canadians generally don't know how they'll pay for post-secondary education. A survey in 2010 by TD Canada Trust found that "while 87% of parents say they plan to pay all or part of the costs of their child's post-secondary education, 26% say they have yet to start saving and another 15% have no idea how they will finance it."<sup>22</sup> The Canada Education Savings Program was created to encourage families to save, but many do not know the program exists. More disheartening, the program is not reaching low-income families, even though some of the mechanisms have been designed specifically for them.

### **Canada Education Savings Program not reaching low-income families**

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*"I told my son, 'I started an account only for your studies. So you better study.'" – Rajani*

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Education saving, especially started early in children's lives, can change their perception of higher education from an aspiration to an expectation. It can encourage them to want to pursue PSE and to put extra effort into earlier grades. For Rajani, who contributes a modest amount from her child benefits into each of her sons' education accounts, these savings are a tangible reinforcement of the priority she places on their education that she can show to them.

The federal government encourages families like Rajani's to contribute to their children's education through the Canada Education Savings Program. The program encompasses the following:

- *Registered Education Savings Plan (RESP)* – a tax-sheltered account for education savings with a contribution limit of \$50,000 per beneficiary.

- *Canada Education Savings Grant (CESG)* – a matching incentive grant (maximum grant of \$7,200 per beneficiary) to motivate families to contribute to an RESP.
- *Canada Learning Bond* - a contribution by the federal government into the RESP of a low-income child. An initial grant of \$500 is followed by an additional \$100 per year, to a maximum of \$2,000.

### *Registered Education Savings Plan*

The basic education savings tool is the RESP, a tax-sheltered education savings account with a contribution limit per beneficiary of \$50,000. Introduced by the Government of Canada in 1972 to encourage family saving for children's education, RESP accounts now hold aggregate assets of almost \$26 billion<sup>23</sup> and have benefited over three million Canadian children.

Low-income children are not benefiting from the RESP to nearly the extent to which children from higher incomes benefit. Only 15% of funds in RESPs are held by households with less than \$40,000 income. In contrast, households with incomes over \$75,000 hold 53% of RESP funds. While 30% of all children with parental income over \$80,000 are RESP beneficiaries, only 0.3% and 2.7% of children with parental incomes of less than \$30,000 and \$30,000-\$50,000 are RESP beneficiaries.<sup>24</sup>

### *Canada Education Savings Grant*

Introduced in 1998, the Canada Education Savings Grant (CESG) provides a matching incentive of 20%, to a maximum grant of \$7,200 per beneficiary, to motivate families to contribute to an RESP. In 2004, an additional CESG grant was introduced so that low-income families could receive up to an additional 20% in matching incentives (ie. 40% total, up to \$7,200 per beneficiary).

As a result of their much greater use of RESPs, higher income families receive a far larger share of incentive grants than lower income families.

### *Canada Learning Bond*

In 2004, the Government also introduced the Canada Learning Bond, a contribution to the RESPs of low-income children who were born in 2004 or later. Eligibility rests on receipt of the National Child Benefit Supplement (for families with a maximum net income of \$40,970 in 2010). The Bond provides an initial grant of \$500 and an additional \$100 per year, as long as the family remains eligible, until the child turns 15. The maximum Bond per child is \$2,000. To receive the Bond, a parent must establish an RESP and apply for the Bond, but doesn't have to contribute any money. The Government tracks eligible children's CLB entitlements as they accumulate until an RESP is established to receive the Bond. No interest accrues on Bonds that have not been accessed. If an RESP has not been opened, and the Bond is not claimed by the time the child reaches the age of 21, the Bond is forfeited.

Disbursement of the Bonds has fallen far short of the Government's original projections. Six years after the Bond's introduction, less than 20% of Bonds have been released to eligible

children. At the end of 2009, over 880,000 low-income children across Canada had not received Bonds to which they were entitled. While the Government anticipated investing \$85 million per year in children's Bonds by 2005, it hasn't reached that level of investment yet. Bond contributions totalled just \$56 million in 2009. The Bond, fully implemented, was projected to invest in education savings for over two million low-income children each year.<sup>25</sup> In fact, since 2004 the Canada Learning Bond has benefited fewer than 212,000 children.<sup>26</sup>

The Canada Learning Bond is a unique opportunity. Not only can it seed individual savings for Canada's lowest income children, it requires parents to take charge of those accounts. It can spur expectation of PSE among low-income students and can engage their parents in learning too. The actions of establishing and monitoring RESPs provide both parents and children with hands-on experience that could improve their understanding of post-secondary financing. Gaining this experience could also increase their financial proficiency more generally by building savers' financial confidence and their access to a broader range of financial tools.<sup>27</sup>

Ninety-four percent (94%) of low-income families who have received a Canada Learning Bond since 2005 have made their own contributions to their children's RESPs.<sup>28</sup> Even with small contributions, the cumulative effect of the Bond and the CESG can narrow the gap between high and low-income families in RESP savings and in PSE chances. "Projecting the maturity of an RESP for a low-income family that contributes \$150 a year (\$12.50 per month) for their child from 0 to 17, can total over \$8,200. Admittedly, this student would still need to rely on alternative forms of funding (i.e. Canada student loans, bursaries, scholarships), but the RESP still represents a valuable asset in this case because it provides substantial financial support that otherwise would not exist... Furthermore, RESP funds are classified as non-repayable funds and will not contribute to student debt and the overall financial burden for the student."<sup>29</sup>

CESP initiatives to provide greater incentive for low-income families' participation were motivated by the reality that the CESP was disproportionately benefiting those of middle and higher incomes that save over a longer period, accumulate more education assets and attract more government subsidies. However, the government's recent evaluation of the additional Canada Education Savings Grant (A-CESG) and the Canada Learning Bond reports that "there has not been a significant change in the share of lower income RESP subscribers since the inception of the A-CESG and CLB."<sup>30</sup> The programs, notes the Canadian Millennium Scholarship Foundation, continue to "represent a wealth transfer from low- to higher-income groups, since the latter group would be saving for PSE even without the government incentives."<sup>31</sup> The opportunity to use education savings as a tool to engage low-income families in financial and post-secondary learning then, is being wasted.

## Low-income families face barriers to access

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*“In Sri Lanka, saving for a child’s future is a cultural expectation so the concept is very familiar. But there we save for the children’s marriage and dowry -- education is free”*

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### *Lack of information is a key barrier to RESP participation*

Many low-income families don't use RESPs and the related incentives for a simple reason – they don't know what they are. Low-income families have less opportunity to learn about RESPs than higher income families and this affects their RESP participation.<sup>32</sup> A 2008 EKOS Research survey of over 900 low-income families found that while 83% of respondents had heard of the RESP, only 54% of those could define it.

Even fewer families are aware of the CESG. This further diminishes saving as parents who are aware of the matching incentive save nearly \$2,000 more than do parents who are unaware of it.<sup>33</sup>

The Canada Learning Bond, which offers a starting point for families who can't afford to make their own contributions, is the best-kept secret. In the EKOS study, only 10% of low-income respondents had heard of the Canada Learning Bond, and a majority (59%) of those who'd heard of it did not know what it was.<sup>34</sup>

The following section summarizes some general observations from SmartSAVER's ongoing outreach to community service providers and low-income and newcomer parents engaged in RESP education.

### *Community service providers aren't providing information or encouraging RESP participation*

Community service providers, from schools to settlement organizations, are an important and trusted part of families' networks, and, especially for newcomers, a primary source for information on government and financial programs. They could be influential in encouraging low-income families' RESP participation, but have not been.

Front-line service providers such as teachers, settlement workers and counsellors, generally don't discuss education savings with families, nor do they keep information on hand, even though they report that families do ask about it. Service providers say they don't understand RESPs very well and admit to viewing saving for children's education as a lower priority than dealing with their clients' more immediate needs. They're generally unaware that the Canada Learning Bond does not require a financial contribution from parents, but once they are informed, they are eager to recommend it to families.<sup>35</sup>

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*“For me the big revelation is that you don’t have to have money to start an RESP and you don’t have to have money to get the Canada Learning Bond. I didn’t know that and I’m pretty good at navigating the system.”*

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Parents report being told by their social assistance case managers that they cannot have RESPs because it will affect their benefits. Case managers report not being aware of the Canada Learning Bond or the fact that it would not affect benefits.

Some service providers report delivering training in financial literacy, but not providing specific information on how or where an RESP can be started. Sometimes, they say, this is because they're not sure what information to provide. Sometimes, they're concerned about promoting a commercial product. In other instances, however, community organizations will promote a particular RESP provider, thereby giving tacit endorsement. For example, hospitals will distribute scholarship plan sales materials to all new parents along with infant care and other official health-related information.

Some community service providers report feeling uneasy addressing clients' financial issues and questions. But low-income families demonstrate a desire to talk about financial matters. Starting a discussion about RESPs has been found to create an opportunity for parents to discuss and ask questions about a range of banking and financial issues: an indication that education savings could be used as a building block to greater financial learning.

#### *Lack of information in languages other than English or French*

The ability of many parents to thoughtfully consider RESPs is hampered by a lack of information, from government and RESP providers, in languages they can read. In its outreach testing, SmartSAVER offered parents government RESP information in 17 different languages. Of the information requests from parents, 70% were for documentation in languages other than French or English. The website [www.smartsaver.org](http://www.smartsaver.org) now provides families with RESP information supports in 14 different languages.

The need to address cultural differences when engaging newcomer parents in RESP discussions perfectly positions community service providers like language instruction and settlement organizations as appropriate information resources. Many parents come from source countries with no tradition of tuition paid for by families and report having no idea of the cost of PSE in Canada, or how it is financed.

#### *RESP products vary widely and are not well explained.*

Families frequently report being unaware that RESP products differ by provider. They are also unable to understand the costs, conditions and potential risks associated with each RESP product. Much of parents' confusion appears to stem from the way in which RESP products are sold. A comparison by SmartSAVER of 10 major RESP providers finds that major banks' RESP

products (individual or family plans) closely mirror the government's RESP program intentions, can be started at no or little cost, with no requirement for a family to contribute and can be invested without risk in a bank account or guaranteed investment certificate. Banks though, do not assertively promote RESPs and as a result, are less familiar to low-income families as RESP providers.

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*“In our language, a scholarship is something that’s free.”*

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Scholarship plans primarily market a different RESP product, the group plan that charges significant upfront sales fees and typically requires a family to contribute their own money on a regular basis. Group plans do not offer investment options and are subject to investment risk. Scholarship plans do actively market to low-income and newcomer families and as a result are most familiar to low-income families as RESP providers.

A false impression that SmartSAVER encounters frequently among families and community agencies is that 'RESPs require parents to make monthly contributions'. This common misunderstanding is a testament to the effective and widespread marketing of the group plans - the only type of RESP product for which this is true.

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*“I thought our families couldn't start RESPs because they couldn't afford monthly payments.”*

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With little unbiased information available in languages that parents can understand, the scholarship plans' sales representatives in their communities are often low-income families' only source of information about RESPs and the Canada Learning Bond. Paid by commission, these sales representatives actively market through friends within their cultural communities. They have the trust advantage and are often the only interpreters of RESPs in families' first language.

Scholarship plans are sold by prospectus, many of which are well over 100 pages long and, with few exceptions, in English and French. Eager to save for their children's education, but unable to read the prospectus, parents report signing up for plans without reading it, relying solely on the sales person's verbal translation. This, of course, contributes to misunderstanding, which too often results in families' making commitments they can't afford to keep. To illustrate, despite scholarship plans' higher costs and greater restrictions, these plans attracted 40% of the Canada Learning Bonds disbursed in 2009. This is more than any other type of RESP provider, including the low-cost bank plans (16%).

A national compliance review of scholarship plan dealers by the Canadian Securities Administrators (2003) and a follow-up review by the Ontario Securities Commission (2004) identified a number of deficiencies in the business, sales and disclosure practices of scholarship plans.<sup>36</sup> A Review of Registered Education Savings Plan Industry Practices conducted by Human Resources and Social Development Canada (2008) further pointed to the need for improvements in the disclosure of scholarship plans.<sup>37</sup>

This year the Canadian Securities Administrators initiated an effort to improve scholarship plan regulation and sales disclosure. It notes, "We know that many investors have trouble understanding the unique features and complexity of scholarship plans.... We know that for some of these investors, a scholarship plan is the only security they will ever purchase. Many of these investors have little to no financial literacy. In some instances, they may not speak or understand English or French as a first language, making the information in the prospectus even more difficult for them to access."<sup>38</sup>

Central to the CSA's new effort is a Plan Summary document, to be written in plain language, no more than three pages long, summarizing the features, costs and potential risks of scholarship plans and delivered with the prospectus.

### *Starting an RESP is complicated*

The RESP enrolment process is administratively complicated. First, a parent must have a social insurance number for herself and for her child. Then, with her RESP provider, she must fill out the necessary forms: one for the RESP, one for the CESG, and one for the CLB to access available government incentives. In 2009, an analysis of a random sample of 100,000 RESP subscribers in receipt of the basic CESG cross-checked against income tax data revealed that "47.1 percent of all recipients of the basic CESG were eligible for the [40 percent] A-CESG in 2006 but only received the 20 percent basic grant... This indicates that subscribers may not be aware that they must apply for the A-CESG."<sup>39</sup> It's a separate form.

Reducing the number of steps and application forms required for full RESP enrolment could reduce errors, delays and disappointment. The simpler the process is to navigate, the less intimidating it will be for those least experienced with government and financial programs.

The best opportunity to simplify the enrolment process would appear to be the Canada Learning Bond. The Government has pre-qualified all eligible beneficiaries and tracks their entitlements. However, disbursements have been significantly less than anticipated every year since the program's introduction as the government waits for families to learn about and navigate the process to establish an RESP and request the Bond. At the end of 2009, the families of over 880,000 eligible children entitled to at least \$500 each had not yet obtained the funds.

Automatic enrolment of all eligible children, a suggestion put forth before by others, could most efficiently clear the backlog and enable the government to realize the Bond's desired impacts.

Other examples of automatic enrolment provide valuable learning. The UK's Child Trust Fund, a long-term savings account that has benefited over five million children, encouraged and achieved 74% voluntary parental enrolment, but followed up with government enrolment of any children who were not enrolled after 12 months in order to ensure full participation. (The UK government recently announced that the Fund would cease payments after 2010). When the Province of Ontario moved to automatically enrol all eligible children in care of children's aid societies in the Canada Learning Bond, it selected one RESP provider, the Royal Bank of Canada to administer the accounts, enabling it to maintain quality and cost control.

## Recommendations

Increasing the participation of low-income families in the Canada Education Savings Program can achieve dual goals: 1) increase the likelihood of post-secondary participation by low-income youth; and 2) increase the financial engagement and proficiency of their parents. Most immediately, it would ensure that the Canada Learning Bond delivers the benefits it was designed to provide to the almost 900,000 low-income children who are currently not being reached. Building on the existing determination of parents for their children's education, these results are within our grasp. But realizing them requires that all those who interact with low-income families take full advantage of opportunities to raise awareness, share information and support families' success as they work to achieve their education goals.

*Provide families with accurate RESP information in their own communities and languages*

1. Service providers, including hospitals, daycares, schools, benefits administrators, and settlement workers, should inform themselves about basic RESP facts, including where to find unbiased product information, in order to better act as an information resource for families.
2. Service providers should inform themselves about the Canada Learning Bond and encourage low-income families to secure it for their eligible children.
3. Service providers should only provide unbiased, non-commercial information to their clients. Service providers should visit, and encourage their clients to visit, websites that provide unbiased information.

www.canlearn.ca is the federal government's website for education savings information (primarily in English and French). To meet the need for accessible information in more languages, www.smartsaver.org was created to provide the federal government's RESP information and other RESP education tools in 14 languages (Arabic, Cantonese, English, Farsi, French, Korean, Mandarin, Portuguese, Punjabi, Spanish, Tagalog, Tamil, Urdu and Vietnamese).

4. Service providers should encourage their clients to get a social insurance number for their children and open an RESP in order to, at a minimum, receive the Canada Learning Bond which can total \$2,000 without parental contributions.

*Make it easier for low-income families to start an RESP that suits their needs*

5. The Canadian Securities Administrators should require group scholarship plans to provide consumers with brief (two-page), plain-language summaries of their group plan products, clearly outlining the costs, risks, performance and restrictions associated with each plan.
6. The federal government and RESP providers should simplify and consolidate application forms to avoid enrolment missteps and missed incentives.

7. The federal government should explore the feasibility of an automatic enrolment process for the Canada Learning Bond.
8. Provincial and municipal government agencies that administer income support or other financial benefit programs such as childcare subsidies, housing support, etc. for low-income families should identify opportunities to encourage eligible families to secure the Canada Learning Bond.

## Conclusion

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*“It’s quite expensive over here for the studies so we should secure something for our children from the very start. We are contributing a very small amount. From the very first day, a bit, a bit, a bit. Then it’s going to be a big mountain.” – Bushra*

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Education is important to Bushra and her family. Her husband is retraining for Canadian certification now and she hopes to train for a new career one day. Though they can't contribute very much yet, the RESP they've started for their child has a good start with the Canada Learning Bond.

The real value of improving the participation of low-income families in education savings, and in particular the Canada Learning Bond, is more than the money. It is the opportunity to engage and motivate low-income families and students towards greater financial literacy and higher learning. Low-income parents' determination to provide for their children's education is clear. Encouraging, informing and facilitating their success and their children's PSE attainment will yield real economic and social returns.<sup>40</sup>

## Endnotes

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