



85% of New Brunswick's Young Adults with Student Debt Didn't Have an RESP

Moncton, New Brunswick, January 25, 2016 – A recent survey¹ commissioned by Universitas found that 85% of adults in New Brunswick aged 18 to 35 years, who completed their post-secondary education and incurred school debt, did not have a Registered Education Savings Plan (RESP). While student debt is a serious issue that constitutes an obstacle to the pursuit of a college education for many, the survey reveals that the RESP, which gives children access to substantial federal grants, remains a little-known and little-used savings tool.

As an RESP expert with over 50 years of experience, Universitas wanted to understand the extent of the school debt problem by surveying 200 young adults (aged 18-35 years) who were employed or actively seeking employment. The survey found that most respondents did not benefit from all the resources available to help minimize student debt.

“Undertaking a post-secondary education allows our youth to prepare for a promising future, but requires a significant financial investment. The survey we commissioned found that only 14% of the respondents who incurred school debt had an RESP, and 55% of those surveyed still have a considerable sum to pay off more than five years after graduating,” explains Pierre Lafontaine, Vice-President of Customer Service and Operations at Universitas.

Education savings, a tangible solution to student debt

There are several ways to fund a post-secondary education; however, the RESP is the only financial product that entitles children to federal grants for education savings. By opening an RESP, parents are giving their children access to funds of up to \$9,200 from the combined **Canada Education Savings Grant (CESG)** and the **Canada Learning Bond (CLB)**.²

¹ With a confidence level of 95% and a margin of error of $\pm 6.93\%$, the survey was conducted in New Brunswick by the firm BIP from November 16 to December 3, 2015, through random telephone interviews with 200 respondents aged between 18 and 35 years no longer in school. The results were weighted to reflect the distribution of the adult population of the province based on gender, age, region, language and the education level of respondents.

² CESG: The Canada Education Savings Grant rate is 20% to 40% based on adjusted family net income. The annual limit is set at \$600 and the lifetime limit is set at \$7,200 per beneficiary. CLB: Canada Learning Bond of up to \$2,000 for children born after December 31, 2003, and for whom families receive the National Child Benefit Supplement (NCBS). Certain conditions apply.



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Too much grant money is being left on the table

Although the situation seems more encouraging for children aged 0-17 years, New Brunswick's CESG participation rate is still lower than the national average. The 2014 Statistical Review released by the Canada Education Savings Program (CESP)³ found that 43.6% of the children eligible to receive federal grants had an RESP, whereas the country's average is 48.5%. Furthermore, New Brunswick ranked last in Canada in terms of average annual RESP contributions per beneficiary (\$1,140 against a national average of \$1,490). Consequently, New Brunswick's share of the total CESG payments made by the federal government was only 1.3%; and yet, the province represents 2.1% of Canada's population.

"Education savings are an important means to empower parents, the government that encourages them, and the children who benefit from them and derive motivation to stay in school. Education savings are also a contributing factor to student success. The RESP is a savings tool that should not be overlooked and deserves more attention. Greater public awareness would allow the RESP to be part of the solution to the student debt problem in the long," concludes Mr. Lafontaine.

About Universitas

Created in 1964, Universitas offers over 50 years of RESP expertise to families across Quebec and New Brunswick. With the mission to promote post-secondary education through savings and educational assistance payments (EAPs), Universitas has paid out more than \$550 million in EAPs and in returned savings, currently has over 230,000⁴ beneficiaries and manages assets exceeding \$1 billion. For more information, visit universitas.ca.

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³ http://www.esdc.gc.ca/en/reports/cslp_cesp/cesp_2014.page#TOC6

⁴ As at December 31, 2015