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Plan for child's educational future

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Sun Media — With rising tuition fees, as well as the extraordinary cost of living, financial experts are saying it's a good idea for parents to start thinking about whether or not they want to play a role in funding their children's education and exploring the options available to them.

Kelley Keehn is an author of a financial book called The Prosperity Factor. She has been in the financial field for more than a decade and has witnessed first-hand the problem families and individuals have with money.

"If parents want to pay for their children's education then they should absolutely start saving," Keehn said. "It's just a question of how and can they."

The first thing parents should do if they want to save up for their children's education is see a financial adviser or banker and come up with a financial plan.

"If they're barely able to make ends meet as it is, it's important to sit down with a professional and see what they can do," Keehn said.

She added that there is no right or wrong answer when it comes to deciding whether or not to pay for post-secondary education.

"Some parents don't feel they should have to pay for their children's education," Keehn said. "They think 'We paid for ours on our own and it shaped who we are.'"

However, if parents do want to shell out for tuition, there are several different options they can look into: In-Trust accounts and RESPs.

Contributions to an RESP are limited, while there are no limits to the amount of money that can be contributed to an In-Trust account. As well, in order for an educational assistance payment to be made from an RESP, the beneficiary must be attending a post-secondary educational institution.

In contrast, there is no restriction on the use of funds in an In-Trust account, as long as the amounts are used for the beneficiary's benefit.

"(However) contributions to an RESP must cease 22 years after the plan has been opened and the plan must terminate in the 26th year after the plan has been opened," Keehn said. "There is no maximum life of an In-Trust account and contributions can be made at any time."

The main advantage of the RESP is the addition of the Canada

Education Savings grant, a maximum of $500 per year per beneficiary. The main advantage of an In-Trust account is the flexibility that is attached to it; if the beneficiary does not go on to attend a post-secondary institution, he or she can still use the money for any purpose at the age of majority.

"If parents want to save money for their children’s education, than they just have to think how they want to do that," Keehn said.

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