

THE QUÉBEC EDUCATION SAVINGS INCENTIVE (QESI)

Definition:

The Québec education savings incentive (QESI) is a tax measure that encourages Québec families to start saving early for the education of their children and grandchildren. The incentive, which went into effect on February 21, 2007, consists of a refundable tax credit that is paid directly into a registered education savings plan (RESP) opened with a financial institution or with another RESP provider that offers the QESI.

Eligibility Requirements:

To be eligible for QESI, the child must meet all of the following conditions:

- Be less than 18 years old
- Have a Social Insurance Number (SIN)
- Be resident in Québec on December 31 of the taxation year
- Named as a beneficiary on a Registered Education Savings Plan (RESP)
- For beneficiaries over 15 years old, contributions must be validated by HRSDC for the 16/17 year rule requirements before applying for QESI.

Grant:

Basic Amount

Each year, an RESP can receive an amount equal to 10% of the net contributions paid into it over the course of a year, up to a maximum of \$250 based on the first \$2500 of net contributions. In addition, as of 2008, any benefits accrued during previous years can be added to the basic amount, up to a maximum of \$250.

Increase in the Amount

To help low-income families, an increase of up to \$50 per year, calculated on the basis of family income, may be added to the basic amount. The 10% Additional QESI will be paid on the first \$500 of contributions if net family income is less than or equal to \$41,544(2011). The 5% Additional QESI will be paid on the first \$500 of contributions if net family income is between \$41,544 to \$83,088 (in 2011).

Limits:

Annual: Grant of 10% on your annual RESP contributions, up to \$250 per year. In addition, as of 2008, any benefits accrued during previous years can be added to the basic amount, up to a maximum of \$250. The annual QESI grant is potentially \$500 per year.

Lifetime: \$3,600 maximum per beneficiary.