



## Canadian Parents: Use This Easy Trick to Get Your Kids a Free Education

### Description

Despite it being one of the most important goals any parent can strive for, many Canadians just can't manage to put a meaningful amount aside for their [kids' education](#).

There are a number of reasons for this disappointing lapse in financial planning. In an era when housing costs are ballooning out of control and childcare costs aren't far behind, many folks struggle to get ahead. So they're forced to make some cuts in their budget, and unfortunately saving for the future is one of them. Both their retirement plans and their kids' futures suffer.

Some parents refuse to put much aside for their kids. These people aren't necessarily heartless; they just believe it should be something their children do on their own. A young person who is forced to take out student loans is more likely to take their education seriously. Besides, there's nothing wrong with waiting a year or two and working a job to save money.

Despite the hard lessons that taking out student loans can teach someone, I still think most parents would rather help their children out. Here's how you can accomplish this, all without spending any money out of your own pocket.

### Canada Child Benefit

In an attempt to encourage Canadians to have more children – or, as they call them in Ottawa, future tax payers – the federal government doles out money to Canadian families with children. Depending on your income and how many children you have, this government benefit can really add up.

Say you live in Alberta and have two children that are five and seven years old. You and your spouse each make \$50,000 per year, which would put you at about the average income level for the province. You'd be eligible for \$386 per month in Canada Child Benefit payments. Divide that by two kids, and you've suddenly got \$193 per child per month to put away for their education.

That translates into \$4,632 of free government money each and every year. If you put that away for 18 consecutive years and earned just a 5% return, your two children would have \$136,824 to split

between them by the time they graduate from high school. That's an impressive start.

## More free money

It gets even better. Here's how you can leverage that government benefit into even more free money.

If you put that Canada Child Benefit into a Registered Education Savings Plan (RESP), you're eligible for a top-up from the government. For every dollar you put into the plan, the government will throw in an additional 20 cents. You can contribute a maximum of \$2,500 per year, and the maximum top-up on the basic plan is \$500 per year. If you're a low-income family, you might qualify for even more.

Just remember that if your child doesn't go off to school, you'll need to give back the government's portion of the savings plan.

## Daycare tax credit

Canadian parents can claim up to \$8,000 per child under the age of seven and \$5,000 per child from ages seven to 16 in tax credits for the cost of daycare. This can help create a substantial tax refund at the end of the year.

You can probably guess where I'm going to recommend you put that windfall. Right inside your kids' RESP, of course.

## The bottom line

Between various tax credits, RESP matching grants, and the Canada Child Benefit, there's no reason for parents to shell out any of their own money toward their kids' future. All you need to do is put that free cash to work and let the government pay for your kids' university education. What a fantastic way to give your child a life-changing gift.

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