



Parents: Max Out Your RESP Before the Dec. 31 Deadline!

Description

One of the best gifts parents can give to their children is investing in the Registered Education Savings Plan (RESP). It's a way to put cash aside each and every year for your child for whatever future they choose to follow. But even better, parents can also get access to free cash!

The CESG

The Canada Education Savings Grant (CESG) is a grant provided by the government. Each year, in addition to whatever you contribute to your RESP, the government will add 20% up to \$500 per year and \$7,200 in your lifetime.

The deadline to contribute to your RESP this year is coming up on Dec. 31. And let me tell you, you want to reach that deadline and max it out each year! While you can contribute as much as you want, ideally, parents want to get as much cash from the government each year. Therefore, parents should try and put \$2,500 aside before the deadline to get that additional \$500 before it's too late!

If you miss the deadline, it means you'll have missed out on the chance for free cash for 2022 and, even worse, a chance to invest that cash for your child's future.

Hit the deadline and invest!

Let's say you do invest before the deadline. You'll then have \$3,000 to work with when taking into consideration your cash along with the government grant. That means you could put \$1,000 towards three dividend stocks that can be used to reinvest in your child's future.

Now is the time to do it. With the markets still [performing poorly](#), it's a great time to get in on some long-term investments. You'll receive a great deal on both returns and passive income through dividends that will secure your child's future education.

Three dividend stocks to consider

If you're looking for long-term, safe income, then you'll want dividend stocks that simply aren't going anywhere. Further, stocks that will continue to do well, even during downturns such as this one. In that case, I would invest in three areas: banks, industrials, and infrastructure.

For banks, I would consider **Canadian Imperial Bank of Commerce** ([TSX:CM](#)). The stock has the highest dividend you can use to reinvest, and it's also been growing rapidly in the last few years. Plus, after a stock split, you can get more bang for your buck! A \$1,000 investment today at a share price of \$58.74 would bring in about \$58 with a 5.78% dividend yield annually.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
CM	\$58.74	17	\$3.20	\$58	Quarterly

As for infrastructure, I would consider **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#)). This company gives you a diverse range of essential assets, from energy and utilities to railways. This gives you a solid path to returns, and of course for dividends. The stock currently holds a share price at \$45.79. Therefore, a \$1,000 investment would bring in annual income of \$42 from a 4.06% dividend yield.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
BIP.UN	\$45.79	22	\$1.93	\$42	Quarterly

Finally, industrials are a necessary [real estate property](#) that's only expanding. E-commerce growth continues, and that's why **Granite REIT** ([TSX:GRT.UN](#)) continues to do so well. With shares at just \$77, you can lock up a dividend yield of 4.04%. That would bring in annual income of \$40.25 from a \$1,000 investment as of writing.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
GRT.UN	\$77	13	\$3.10	\$40.25	Monthly

Bottom line

Just so we're clear, you've put aside \$2,500 for your child before Dec. 31. You've been given \$500 from the government. You've then immediately added a total of \$140.25 in passive income from these dividend stocks *before* returns. That's a grand total of \$3,140.25 put towards your child's education — \$640.25 of which wasn't even provided by you!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)

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Author

alegatewolf

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