**Making Withdrawals FAQ**

1. **How do I activate my Embark account, and whose information do I use parent's or child's?** You need to use the parent's (subscriber's) information including their SIN and government ID to activate the account. The beneficiary (child) does not activate the account. To activate your account on Embark’s new digital platform, please go to <https://secure.embark.ca/digital-access/welcome>.
2. **What if I'm having technical issues with account setup or login?** We’re here to help with any issues you’re experiencing. To get help call 1-800-363-7377 or send us an email at [contact@embark.ca](mailto:contact@embark.ca).
3. **Can my child access the account directly or does it have to go through the parent?** The account must be managed by the parent (subscriber), not the beneficiary (child). All withdrawal requests and account changes must be initiated by the subscriber.
4. **What information do I need to verify my identity for account access?** You'll need your Social Insurance Number (SIN) and a government-issued photo ID.

**Withdrawal Definitions**

1. **What's the difference between EAP (Educational Assistance Payments) and PSE (Post-Secondary Education) withdrawals?** EAPs consist of government grants and investment growth, which is taxable in the student's hands. PSE is your original contributions, which can be withdrawn tax-free once the child is enrolled in post-secondary.
2. **How can I see the breakdown of contributions vs. grants vs. growth in my account?** Your digital account’s dashboard and your quarterly statements have this breakdown readily available for you.
3. **What defines full-time vs. part-time studies for RESP purposes?** A full-time program is defined as a course or program that lasts at least 3 weeks in a row, with at least 10 hours of instruction or work per week. A part-time program is a post-secondary level educational program that lasts at least 3 consecutive weeks, and requires a student to spend not less than 12 hours per month on courses in the program.
4. **Which schools can my child go to be eligible for an EAP withdrawal?** For a domestic university or college to be eligible for an EAP, it must be on Employment and Social Development Canada’s (ESDC) [List of Designated Educational Institutions.](https://www.canada.ca/en/employment-social-development/programs/designated-schools.html) Other eligible educational institutions and professional schools can be found on the ESDC’s [List of Certified Institutions.](https://certification.esdc.gc.ca/lea-mcl/h.4m.2@-eng.jsp;jsessionid=yyY2J2SDMrJcWN1P44dCsVTQQcS8ptqxXzkRQBLrRZKNv92wt2y6!-2132938879) If you can't find your child’s school on these lists, you may still be eligible to receive an EAP if the school has been designated by a provincial authority under the Canada Student Loans Act.

**Withdrawal Basics**

1. **What's the $8,000 limit in the first 13 weeks about?** Full-time students can only withdraw up to $8,000 from their EAP (grants plus growth) during the first 13 weeks of school. After 13 weeks, there's no limit on EAP withdrawals, and this restriction never applies to PSE withdrawals (your contributions). If the beneficiary is enrolled in part-time studies, EAPs are limited to $4,000 for every 13-week period of enrollment.
2. **How much can I withdraw after the first 13 weeks?** After 13 weeks, full-time students have no limit on EAP withdrawals. You can withdraw as much as needed for educational expenses in a single withdrawal or multiple transactions. Part-time students remain limited to to $4,000 for every 13-week period of enrollment.
3. **Do I need a Verification of Enrollment (VOE) for every withdrawal?** You will need to submit a VOE for each withdrawal requested. Verification of Enrolment forms are valid for 6-months, meaning that you can use the same one during that period.
4. **How long does it take to receive funds after requesting a withdrawal?** Funds are typically deposited within 5-7 business days of your request, provided there isn’t an issue. Make sure all documentation is complete to avoid delays in processing.

**Tax Implications**

1. **Who gets taxed on RESP withdrawals - the parent or the child?** EAP withdrawals are taxed as income in the student's hands, not the parent's. PSE withdrawals are not taxable to anyone since they're comprised of after-tax contributions.
2. **How are EAP withdrawals taxed?** EAP amounts are added to the student's income for the year and taxed at their marginal rate. Since most students have low income, they often pay little to no tax on these withdrawals.
3. **Are PSE (contribution) withdrawals taxable?** No, PSE withdrawals are never taxable because this is money you already paid tax on when you earned it. These can be withdrawn tax-free at any time once your child is enrolled in qualifying education.
4. **Does Embark send T4A forms for withdrawals?** Yes, Embark issues T4A forms to the beneficiary (student) for EAP withdrawals only. This form shows the taxable portion that must be reported on the student's income tax return.
5. **What strategies can minimize tax on withdrawals?** Withdraw EAP when the student has low income years, and consider spreading large withdrawals across multiple tax years. If the student has high income in a particular year, you might withdraw PSE first and save EAP for lower income years.

**Contributions**

1. **When do monthly contributions stop - at 18, when starting school, or do I need to stop them manually?** Pre-authorized contributions don't stop automatically as you can still contribute to your plan, even if your child is in post-secondary school. You can pause, stop or make changes to your contribution schedule at any time by logging into your online account.
2. **Can I continue contributing after my child starts post-secondary?** Yes, you can continue contributing while your child is in school. You are still eligible to receive government grants until the end of the year your child turns 17 (December 31st). Just ensure you don't exceed the $50,000 lifetime contribution limit per beneficiary.
3. **What happens if I've contributed more than $50,000?** Over-contributions are subject to a 1% monthly penalty tax, so you should withdraw the excess as soon as possible. Contact us immediately to discuss your options for correcting the over-contribution.
4. **Do contributions made while in school still receive government grants?** Your contributions will still receive grants until the end of the year your child turns 17 (December 31st), provided you haven't reached the $7,200 CESG grant maximum. Regular grant matching rules (20% on first $2,500 annually) continue to apply.

**Verification of Enrollment**

1. **What exactly is a Verification of Enrollment (VOE) and where do I get it?** A VOE is an official document from your school's registrar or student services confirming the student's enrollment, program, and full/part-time status. Most schools provide these through their online student portals or by request from the registrar's office.
2. **Is a Confirmation of Enrollment the same as a VOE?** Yes, these terms are generally used interchangeably as long as the document shows enrollment status and program information.
3. **How often do I need to submit a VOE - every withdrawal, semester, or year?** You need to attach a VOE for each withdrawal. A VOE is valid for 6 months and can be used for subsequent withdrawals as long as it is within 6 months of its issue date.
4. **Where do I upload the VOE in my account?** You can upload the VOE when making a withdrawal request via your online Embark account. When making a withdrawal, you’ll be prompted to upload it.

**Withdrawal Strategy**

1. **Should I withdraw EAP or PSE first?** It's generally recommended to withdraw an EAP first since these funds must be used for education or returned to the government if unused. PSE is your money with more flexibility, so it's better to preserve it for later if needed.
2. **Can I withdraw all funds at once or must it be spread over the program?** If your child is a full-time student, you can withdraw all your funds at once after the initial 13-week period, but consider the tax implications of large EAP withdrawals in a single year. Many families spread withdrawals across multiple years for better tax efficiency. If your child is a part-time student, limits will continue to apply.
3. **How do I ensure I don't lose government grants (6-month rule)?** Government grants must be used within 6 months of the student's last enrollment, so make sure to withdraw all EAP before this deadline. If not used within this timeframe, grants must be returned to the government.
4. **Can I make multiple withdrawals per year?** Yes, you can make multiple withdrawals throughout the year with no limit on frequency. Each withdrawal request follows the same process but may not require a new VOE if it is still valid.
5. **What's the maximum I can withdraw per year?** For full-time students, you may only withdraw $8,000 in EAPs during the first 13‑consecutive weeks of enrollment. After 13 weeks, there's no maximum for full-time students. Part-time students are limited to $4,000 for every 13-week period of enrollment. There is no limit on PSE withdrawals (contributions).

**Special Circumstances**

1. **Can RESP funds be transferred between siblings?** Yes, funds can be transferred between siblings in a family plan. You can also replace a beneficiary in an individual plan. Beneficiaries must be under 21 when added to a family plan, and some government grant restrictions may apply.
2. **What if my child takes a gap year?** No action is required during a gap year - the funds remain safely in the account until your child returns to school. An RESP may remain open for up to 35 years and you can use the funds any time during that period.
3. **Can funds be used for international schools?** Yes, RESP funds can be used at international schools. In order to qualify for EAP withdrawals, the international program must last at least 13 weeks. After 2010, an EAP can also be paid to a beneficiary enrolled at a university outside of Canada on a full-time basis in a course of not less than three consecutive weeks.
4. **What happens to unused funds if my child doesn't complete their program?** Your contributions (PSE) can always be withdrawn tax-free, while unused income may be transferred to your RRSP if you have room and meet certain conditions. Government grants must be returned, and investment growth is taxable at the subscriber’s regular tax rate, plus an additional rate,  if not transferred to an RRSP.
5. **Can RESP be used for trade schools or apprenticeships?** Yes, RESPs can be used for qualifying trade schools and apprenticeship programs that are designated educational institutions. Check the government's approved list to confirm your specific program qualifies.

**Banking & Deposits**

1. **Should withdrawals go to the parent's or child's bank account?** Withdrawals can go to either the parent's or child's bank account - it doesn't affect tax treatment. The student is still responsible for taxes on EAP regardless of which account receives the funds. Please note, if you intend to withdraw funds into your child’s bank account, it needs to be linked to your digital Embark account.
2. **Does it matter whose bank account receives the funds for tax purposes?** No, the deposit location doesn't change tax obligations - EAPs are always taxable to the student and PSEs are always tax-free. The T4A will be issued to the student regardless of which bank account receives the money.
3. **What if my child doesn't have a bank account?** Funds can be deposited to the parent's account, and the student remains responsible for any taxes on EAP portions. However, it's often convenient to open a student account for easier money management.
4. **Can funds be deposited to international bank accounts?** Funds must be deposited into a Canadian bank account.

**Eligible Expenses**

1. **What can RESP funds be used for - just tuition or other expenses too?** RESP funds can cover all education-related expenses including tuition, books, supplies, housing, transportation, and living expenses while in school. There's no requirement to match withdrawals to specific expense types.
2. **Can funds be used to buy a car for commuting to school?** Yes, RESP funds can be used for any expense when in school. You don't need to provide specific receipts or justification for the use of funds.
3. **Do I need to provide receipts for how funds are spent?** No, you don't need to provide receipts for withdrawals - the VOE is sufficient proof of eligibility.