

Request your Accumulated Income Payment (AIP)

If you need information about how to receive an Accumulated Income Payment (AIP) from your RESP with Knowledge First Financial, simply take a few minutes to read through this guide for:

- when and how you can receive an AIP.
- documents that you'll need to complete and return to us.
- your withdrawal options, clearly explained.

What is an Accumulated Income Payment (AIP)?

If you have funds remaining in your RESP from Knowledge First Financial after maturity, an Accumulated Income Payment (AIP) will consist of the remaining income earned within your plan. AIPs are an option when the beneficiary of an RESP is not pursuing post-secondary education and has no intention of doing so before the termination date of the plan. It is important to note that an AIP does not include government grants. Government grants will be sent back to the government when you request an AIP.

When can I receive the AIP?

As a Canadian resident, you can receive the AIP when:

- Your student is at least 21 years of age and not eligible for an Education Assistance Payment and you have held the RESP for ten or more years; or
- Your plan has existed for 35 years; or
- All of the beneficiaries are deceased.

If you do not qualify under any of these conditions, you can request that we apply to the Canada Revenue Agency for an exemption on your behalf.

How do I withdraw the AIP from my plan?

You have two options:

- **Option 1: Withdraw the AIP as income.**
- **Option 2: Transfer the AIP directly into your RRSP.**

The option you choose is entirely up to you. As you'll read on the reverse side, each option has its own step-by-step process and tax implications.

Questions? We're available by phone to help you.

Call our Customer Service team at

1 800 363-7377, 8 a.m. to 8 p.m. ET, Monday to Friday

Option 1

Withdraw the AIP as income

When you withdraw an AIP, it becomes taxable income that you'll need to declare on your income tax return for the year that you make the withdrawal.

How to withdraw the AIP as income:

- Complete the *Request for Accumulated Income Payment Form* **A**
- **Important!** Make sure **all** subscribers to your RESP **sign** the form
- Mail the signed, completed form to Knowledge First Financial at the address below

Important tip: Withholding tax will apply

An AIP is subject to a 20% withholding tax, which means that we are required by the Canada Revenue Agency (CRA) to remit a portion of the interest earned when you make the withdrawal.

Go to the government website www.cra-arc.gc.ca and download the form called *Additional Tax on Accumulated Income Payments from RESPs (T1172)*. Be sure to complete this form and include it with your income tax return for the year in which you withdraw the AIP.

Option 2

Transfer the income from the AIP into your RRSP

You can reduce the amount of tax you need to pay with an **AIP – RRSP Transfer** by contributing up to \$50,000 of the AIP directly to your RRSP (or a spousal RRSP), provided you have enough unused RRSP contribution room.

Important tip: Check your RRSP contribution room

For this option, you'll need to have enough contribution room in your RRSP to transfer the amount of the AIP. Check your *Income Tax Notice of Assessment* from Canada Revenue Agency for your RRSP contribution room.

How to transfer an AIP into your RRSP

- **Fill out and sign:**
 - *Request for Accumulated Income Payment Form* **A**
 - *Tax Withholding Waiver on Accumulated Income Payments from RESPs (T1171) Form*
- **Important!** Make sure **all** subscribers to your RESP **sign** the forms
- Mail the signed, completed forms to Knowledge First Financial at the address below

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