

Sports Fees VS RESPs

Tim Utting, Resolve Credit Counsellor says,

‘You can play to win this game too! There are ways to make it a win win situation when it comes to sports fees and education funds. It doesn’t have to be either or.’

If you are a parent in today’s world you are likely concerned about both the cost of your kids participating in sports and the cost of saving for their education. Both of these can be very important factors in your child’s development.

Let’s start with the RESP. If you have had a baby recently you have likely been contacted by insurance salespeople and or people selling RESPs. It may seem like a long way away but one day that infant will be going off to school at considerable expense. The important part about saving for your child’s education is to start early. This will give you the benefit of your contributions to an RESP growing over time. If you can set up an automatic withdrawal from your chequing account each month so that you don’t need to think about making your contributions this will help. Be careful when you are starting an education savings plan that you know what if any fees are charged by the plan administrator. Most of the RESPs that are offered through your bank have limited fees however some other companies do have fees that can be quite expensive. If you can get your child a social insurance number you can take advantage of government grants that are available. You are allowed to contribute up to \$4,000.00 per year to an RESP up to a maximum of \$42,000.00. If your child has a social insurance number they will qualify for an additional grant from the government of 20% of your contributions up to a maximum of \$400.00 per year or \$7,200.00 over the life of the plan. You are allowed to contribute for up to 21 years and you must collapse the plan by the time your child reaches age 25.

Starting your education savings plan early and contributing regularly, as with any type of investing , will yield the best results. For the first few years of your child’s life this will be one of your main priorities right after getting a good night’s sleep and keeping up with the never ending laundry. As your child gets older and starts to go to school you may find that they develop other priorities like participating in sports and other activities.

The cost involved with your child participating in sports can be significant but this is balanced out with the benefits that they gain by learning to be a part of a team while at the same time getting the physical exercise that they so often need. When considering the cost of a sport or other activity it is important to consider not just the cost of registering your child but also the cost of equipment and the costs related to traveling to games and tournaments. Our national winter sport of hockey as an example can be almost as expensive to equip your child as it is to register them. Taking advantage of used equipment can save you a lot of money keeping in mind that your child may grow out of their equipment every one or two years. Most sports associations do also have subsidies that can help with the cost of registration if you are willing to volunteer your time to help. There are also many community groups that will help with the cost of equipment. If your child ends up playing for a travel team it will be important for you to carpool with other parents to share the cost of what can be a significant amount of traveling. You will also need to consider the cost of meals while you are away and hotels for tournaments.

The government has recently introduced a new tax credit of \$500.00 per child to help offset the cost of participating in sports but even with this the cost is mostly borne by the parents. If there are installment plans where you can spread out your registration fees then by all means take advantage of those. If you can do fundraising or get a sponsor for your child this will also help with offsetting some of these costs.

You are faced with a lot of choices as a parent but if you start early and plan for these expenses you can still provide the best of both worlds for your child.

