The Power of the CHILD MILLIONAIRE Lifelong Program When Stacked up to the Government Sponsored RESP Method of Child Savings

Who is in control?

RESP: The government makes the rules and can change them at any time, and the market dictates the growth.

Child Millionaire: The owner has all the control; it's a private contract with a foundation of guarantees.

What are the limitations?

RESP: There's a $50K max lifetime that must be used by age 35 with limited investment choices to access capital while in the growing stage. If you need to access capital it basically stops the program and kills any compounding, and you lose any grant money. It's designed for education only and for no other purposes in life that will surely arise.

Child Millionaire: Each insured child or corresponding person needs to qualify for insurance medically. The size of the plan can vary but may be limited by the amount of insurance the parents already own, which is usually easy to correct.

How does it grow?

RESP: Growth is dictated by investments and market forces outside your control

Child Millionaire: The cash values grow steadily and completely insulated from the volatility of market and political turmoil. Every year as the policy increases those increases become vested and cannot be taken away they are now locked in. These plans also earn bonus dividends as they are declared by the insurance company that you are now a part owner of. Plans like this have consistently paid dividends every single year since 1848 in North America. This creates a lifelong uninterrupted compounding effect.

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Is it creditor protected?

RESP: No, except in Alberta.

Child Millionaire: Yes, as long as you set up the beneficiary properly, it can be creditor protected.

Can you name a beneficiary?

RESP: The beneficiary is the child and receives the funds for qualified education; however, if something happens to the child then the owner receives the funds, losing any grants and being taxed at marginal rate.

Child Millionaire: A growing tax-free windfall is received by a beneficiary that the owner chooses. This may be changed in the future, and the capital passes on regardless of educational choices, and provides tax-free capital when it's needed most.

What is the contribution time frame?

RESP: A maximum of 31 years, or until the child reaches 35 years old; whichever is first

Child Millionaire: You decide on the contribution time frame; most people do $3-$6 a day for 20 years, but you can keep making deposits until age 100 of the insured. This means a lifelong savings plan has been created.

How liquid is it?

RESP: If you cash out your RESP, you lose all grants. Any potential growth stops, and you pay taxes on capital gains.

Child Millionaire: The best way to immediately access cash is to take out a policy loan up to 90% of the cash value; you own and control the policy. The cash values never leave the program and continue to grow uninterrupted while you access capital for something else using the cash value as collateral. This also creates an opportunity to teach and create financial stewardship with the child.