

THE TIER WEALTH PLANNING REFERENCE SERIES

# RANDOM

*by TIER Wealth*

*A reference document on a planning topic we believe deserves more than a passing update.*

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## Optimal RESP Funding

*A New Answer to an Old Question*

BY AARON HECTOR, CFP®, R.F.P., TEP

# RANDOM

by *TIER Wealth*

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*Each issue of Random takes up a planning topic we believe warrants deeper work — then gives it the depth and care the subject deserves. Work worth keeping.*

## ISSUE

I

## DATE OF PUBLICATION

September 11, 2026

## FEATURE

Optimal RESP Funding: A New Answer to an Old Question

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TIER Wealth, Calgary, Alberta

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## A Random Start

Just over 16 months ago, on May 9, 2025, we opened the doors at TIER Wealth with a simple intention: to help families navigate the four pillars of financial life — tax, investments, estate planning, and retirement — with the depth and care those decisions deserve.

A short note on the name. Earlier this year we asked clients to suggest a name for our newsletter and committed to use the winning entry. The name we chose was *TIER and now*. As we built the newsletter around the firm's four pillars, TIER Wealth co-founder Jen Schmid suggested that the "R" should stand for *Random* rather than *Retirement*: the place for firm news, work-in-progress, client questions, and useful ideas that do not otherwise have a natural home. That word is what we borrowed for the title of our planning reference series.

Just a heads up: the cadence for this publication is yet to be determined, and we may leave it unstructured: we will write when inspired, not as prescribed. To do this at the level we intend, you need to really want to dig into a topic, and a quarterly schedule feels overly ambitious. So we will take one important topic at a time, chosen where we believe we can add significant value from a planning perspective, or where we feel we can uncover new and innovative ways to solve longstanding problems.

That is what we are doing with RESP funding. Read on to hear us challenge old perspectives, and to understand why we believe a shift in mindset is warranted away from the funding models most commonly recommended.

This topic and I also have some history. I first wrote about “supersizing” an RESP back in 2017, recommending the Traditional Maximizer approach without contemplating other options. In 2024 I revisited the question with more funding alternatives and posted the results on X, which, to my surprise, became one of the most-shared things I have written. This issue is that idea rebuilt as a proper article: fully updated for 2026, shortcuts removed, and pushed significantly further. The real answer is more interesting than “\$50k lump sum or Maximizer.”

As an aside, Issue I was originally going to be about the Alternative Minimum Tax. That article is still coming, but we decided to pivot and lead with our RESP work instead, as it is more relevant in September than at other times of the year. The AMT issue will follow in the fall, ahead of year-end tax planning season. So despite not wanting to commit to a quarterly cadence because it is too frequent, our first two issues may arrive less than a quarter apart — a random start to our Random series.

Thank you for spending our first year with us. This is what the next one looks like.

*Aaron Hector*

CALGARY · SEPTEMBER 11, 2026

# Optimal RESP Funding

## *A New Answer to an Old Question*

BY AARON HECTOR, CFP®, R.F.P., TEP

Our modelling challenges the long-standing rules of thumb and shows why the answer changes when an RESP is already underway, markets arrive unevenly, or the plan reaches its eventual wind-up.

### AT A GLANCE

[Chapter I](#) opens on the RESP basics that drive the decision, the strategies most often considered, and the ground rules the comparison runs on. [Chapter II](#) works the examples and lays out the full grid. [Chapter III](#) tests what changes the answer. [Chapter IV](#) drops the straight-line return assumption and puts the results through volatility. [Chapter V](#) follows the money through school and the RESP's eventual wind-up. [Chapter VI](#) turns the evidence into a practical funding range.

### SUMMARY OF FINDINGS

- For a new RESP with \$50,000 available from birth, the old debate between the day-one lump sum and Traditional Maximizer is a false binary. Across the 192 personal cases we tested, the Maximizer never wins outright; even with returns pushed as high as 25% a year, the day-one lump never wins. The winners live in the space between.
- When returns are randomized, the answer widens into a band rather than reversing the straight line return findings; when sequence risk moves the winner, it only ever moves it toward a slower schedule.
- Neighbouring schedules end up being close to each other: the median gap between first and second place is just \$49. You don't need to be perfect, you just need to be close.
- The less actively the taxable account is traded, the more patience in funding pays off: lower turnover often shifts the winner to a year longer funding schedule.
- An existing RESP's problem is how to finish funding it, not how to begin funding it: when unused grant room remains, completion strategies that preserve the ability to capture catch-up CESG generally win, and when all grants have been captured then contributing the remaining room as a lump sum wins.
- For a new RESP funded with personally held money, six to eight years is the practical starting range: roughly six for an equity portfolio, seven for a balanced portfolio, and eight or somewhat longer as the portfolio becomes more conservative. Then adjust for the family's circumstances and the eventual exit.

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**I** imagine that you just had a baby. Somewhere between the feeding and sleeping schedules, you find yourself in the fortunate position to have \$50,000 you're able to put toward your child's education. How quickly should you actually move it into the RESP?

You'll hear two answers constantly. Both sound sensible, and I have recommended one of them in the past. Sixteen schedules and thirteen jurisdictions later, neither one looks like the best approach.

That verdict comes after extensive research and modelling, and it is worth seeing what went into it before you read the rest. We modelled sixteen funding schedules across thirteen provinces and territories and eight different return assumptions, from a day-one lump sum to a fourteen-year fund. We ran them at six trading frequencies, from realizing every gain each year to never selling anything until the end. We put them through market crashes landing in eight different years (0, 2, 4, 6, 8, 10, 12 and 14), at four decline sizes and four recovery lengths. We ran five family income levels to capture what income-tested benefits do to the answer: the Canada Child Benefit, the Canada Groceries and Essentials Benefit (the renamed GST/HST credit), and, for a grandparent thinking about funding it, OAS recovery tax and the Guaranteed Income Supplement.

And then, after all of that, we tested the results with a Monte Carlo analysis: 4,160 household profiles run through 2,000 simulated market paths each, in three different portfolio worlds, and every world run twice, end to end, at independent seeds, producing 49.92 million simulated household outcomes in total, all of it to check that the answers hold when returns arrive with volatility rather than in a straight line.

This is a very deep look at the question and at the fourteen other options nobody seems to talk about. The real answer is more interesting than "\$50k lump sum or Maximizer."

#### WHO THIS IS FOR

The conclusions here apply to a specific household, and the specifics matter. This article assumes a family with up to \$50,000 already earmarked for one child's education; TFSA and RRSP room already used, so the money has nowhere better to shelter; no competing need for the funds; comparable investments held at comparable cost inside and outside the plan; an expectation that the child attends qualifying post-secondary education; and no material student income beyond the plan itself. Change any of those and the answer can move, as the chapters on smaller pools, late starts, benefit clawbacks and student tax show by how much.

One important boundary: the education capital in this issue is already personally held. Money still inside a corporation faces a separate extraction-and-tax-account problem; we are modelling that question separately and will publish the work when it is ready.

# I | The basics, the strategies, and the ground rules

## First, two RESP basics that drive everything

Before any of this makes sense, two things about how RESPs actually work.

There's a lifetime contribution limit of \$50,000 per child. That part most people know.

The free money is paid on your *annual* contributions — not on your balance. The government matches what you put in through the Canada Education Savings Grant (CESG): 20% on the first \$2,500 you contribute each year. That's \$500 a year, up to a lifetime maximum of \$7,200 per child.

That second point drives the entire funding trade-off. The basic CESG is capped at \$500 *per year*, or up to \$1,000 per year when prior year amounts have accrued but have not yet been captured through matched contributions. So if you drop the entire \$50,000 in on day one, you collect exactly one year of CESG (\$500) and walk away from up to \$6,700 of free money. To capture the full \$7,200, you have to keep contributing across enough years to earn it.

## The two strategies everyone compares

1. **The \$50k lump sum.** Put the whole \$50,000 in on day one. You get a single year of CESG (\$500), but every dollar starts compounding inside a tax-sheltered account immediately. Tax-free compounding from birth to the end of age 18 is a real force, and this approach maximizes it.

2. **The Traditional Maximizer.** Pace your contributions to capture all \$7,200 of CESG: \$16,500 in year one, then \$2,500 every year after. This is a commonly used RESP funding strategy — and the one I wrote about years ago.

So: maximize compounding, or maximize the grant? That is the conventional debate. And it's a false choice. Before testing the alternatives between those two extremes, we need to set the rules of the comparison.

## The assumptions

A few ground rules so it's a fair fight. TFSA and RRSP are already maxed; this is genuinely surplus money. There is \$50,000 to deploy; whatever skips the RESP sits in a non-registered account holding the identical portfolio. The beneficiary is born at the start of year 0, the plan opens at birth, and the race runs to the end of age 18. We include everything that touches the decision, applying each item according to the family's province and income: Additional CESG, the Canada Learning Bond, QESI (accrual and income-tested top-up), BCTESG, the CESG age-16/17 conditions, full federal and provincial income tax (brackets, surtaxes, personal amounts, dividend and capital-gains mechanics), the Canada Child Benefit with both phase-out tiers, the Canada Groceries and Essentials Benefit, and, for the grandparent section, OAS recovery, GIS and the age amount. The accumulation comparisons are measured at the end of age 18. Chapter V then carries the featured cases through post-secondary education and the RESP's eventual wind-up, including student tax, residual grants and accumulated-income treatment. Returns are gross of fees and foreign withholding. Tax and benefit parameters are 2026, held flat and disclosed. The taxable account realizes 10% of its unrealized gain each year (the trading section varies this), and whatever remains unrealized is cliff-taxed in the final year, in every strategy alike. The headline projections use 7% gross at Alberta top marginal rates. Every one of these choices is varied in its own section; unless a section specifies otherwise, these are the rules everywhere.

Underneath every table in this article there are only two forces. The first is capture: the grants and income-tested benefits a family can collect, which reward contributing early, contributing longer, or simply having a lower income. The second is leakage: the tax on investment income for whatever money is *not* inside the RESP, which rewards sheltering as much as possible as fast as possible. Every strategy here is a different trade between the two.

What tips that trade is a long list: your income and how it is split between spouses, your province, how many children you have and how old they are, how often you realize capital gains, the size of the pool you are working with, how old the child is when you start, whether the money comes from a parent or a grandparent, the return the market delivers, and whether a crash lands while you are still deploying. The chapters that follow isolate these one at a time, so you can see what each is worth and decide how you would like to fund your own plan.

So let me put the exact assumptions on the table. Here is how the 7% return is assumed to break down by income type, and the 2026 top marginal rates that apply to the taxable account in every Canadian jurisdiction:

## How the 7% return is assumed to break down

The income mix applied to the taxable account at every return assumption in this article

| INCOME TYPE                 | ANNUAL YIELD | SHARE OF RETURN |
|-----------------------------|--------------|-----------------|
| INTEREST                    | 0.00%        | 0%              |
| ELIGIBLE CANADIAN DIVIDENDS | 0.83%        | 11.9%           |
| CAPITAL GAINS               | 4.50%        | 64.3%           |
| FOREIGN & OTHER INCOME      | 1.67%        | 23.8%           |
| Total return                | 7.00%        | 100%            |

This split applies at 7% and every return above it. Below 7%, the income mix follows the portfolio the return implies (see the table below) because a family expecting 4% is not holding an all-equity portfolio. The taxable account realizes 10% of its unrealized gain each year in the base case.

## How each return column is assumed to break down

Lower assumed returns imply heavier fixed income and more of the return taxed annually as interest

Implied fixed-income share: the weight for which the blended portfolio expectation equals the column's return, between the 3.7% fixed-income and 6.6% all-equity anchors · values are exact and are the values used in the analysis

| ASSUMED RETURN | IMPLIED FIXED INCOME | INTEREST & FOREIGN | ELIG. DIVIDENDS | CAPITAL GAINS  |
|----------------|----------------------|--------------------|-----------------|----------------|
| 3%             | 100%                 | 3.0000%            | 0.0000%         | 0.0000%        |
| 4%             | 89.7%                | 3.4897%            | 0.0862%         | 0.4241%        |
| 5%             | 55.2%                | 2.7885%            | 0.3734%         | 1.8381%        |
| 6%             | 20.7%                | 2.0874%            | 0.6607%         | 3.2519%        |
| 7% AND UP      | 0%                   | 1.6667%            | 0.8330%         | return - 2.50% |

A 3% expectation sits below even the 3.7% blended fixed-income return, so that column's distributions are capped at the return itself: 3.0% interest and no price appreciation, essentially a bond portfolio earning its coupon. The Monte Carlo and population analyses are anchored the other way around, on a portfolio whose mix sets both its expected return and its income character. The 6% column here (20.7% fixed income) and the balanced portfolio world (40% fixed income) therefore answer different questions: what a 6% assumption implies, versus what a balanced investor holds.

## 2026 top marginal rates on the taxable account, by jurisdiction

Top combined federal + provincial rates for 2026 · the final column weights those marginal rates using the 7% income mix above

| PROVINCE                           | INTEREST & FOREIGN | CAPITAL GAINS | ELIGIBLE DIVIDENDS | BLENDED MARGINAL RATE @ 7% |
|------------------------------------|--------------------|---------------|--------------------|----------------------------|
| <b>BRITISH COLUMBIA</b>            | 53.50%             | 26.75%        | 36.54%             | <b>34.3%</b>               |
| <b>ALBERTA</b>                     | 48.00%             | 24.00%        | 34.31%             | <b>30.9%</b>               |
| <b>SASKATCHEWAN</b>                | 47.50%             | 23.75%        | 29.64%             | <b>30.1%</b>               |
| <b>MANITOBA</b>                    | 50.40%             | 25.20%        | 37.78%             | <b>32.7%</b>               |
| <b>ONTARIO</b>                     | 53.53%             | 26.77%        | 39.34%             | <b>34.6%</b>               |
| <b>QUEBEC</b>                      | 53.31%             | 26.66%        | 36.69%             | <b>34.2%</b>               |
| <b>NEW BRUNSWICK</b>               | 52.50%             | 26.25%        | 32.40%             | <b>33.2%</b>               |
| <b>NOVA SCOTIA</b>                 | 54.00%             | 27.00%        | 41.58%             | <b>35.2%</b>               |
| <b>PRINCE EDWARD ISLAND</b>        | 53.00%             | 26.50%        | 37.92%             | <b>34.2%</b>               |
| <b>NEWFOUNDLAND &amp; LABRADOR</b> | 54.80%             | 27.40%        | 46.20%             | <b>36.2%</b>               |
| <b>YUKON</b>                       | 48.00%             | 24.00%        | 28.93%             | <b>30.3%</b>               |
| <b>NORTHWEST TERRITORIES</b>       | 47.05%             | 23.52%        | 28.33%             | <b>29.7%</b>               |
| <b>NUNAVUT</b>                     | 44.50%             | 22.25%        | 33.08%             | <b>28.8%</b>               |

Top combined federal + provincial marginal rates for 2026, including provincial surtaxes where they apply. These are the rates in each jurisdiction's highest bracket. Yukon does not reach its top rate until \$500,000 of income and Newfoundland and Labrador not until \$1,141,275, so a family at \$400,000 pays a point less in those two. Capital-gains rates reflect the 50% inclusion rate; eligible-dividend rates are net of the gross-up and both dividend tax credits; Quebec is net of the federal abatement. "Blended marginal rate" is the weighted marginal tax rate produced by the 7% income mix above, before applying the taxable account's capital-gain turnover assumption. Two of these jurisdictions carry full sixteen-strategy grids below (Alberta and Quebec), and the winner table covers all thirteen.

## II | Worked examples, and the full grid

### A few worked examples

To make the mechanics concrete, here's the outcome at the end of age 18 (combined RESP + Non-Reg, at 7%) for each option:

- \$2,500 / Year — \$2,500 every year  $\times 19 \rightarrow \$164,612$
- \$50k Lump Sum (1 Yr) — \$50k in one year  $\rightarrow \$182,635$
- Traditional Maximizer — \$16.5k, then \$2,500/yr to the limit  $\rightarrow \$178,484$

The full year-by-year picture for each strategy is below, including contributions, the CESG, both account balances and the combined total.

---

*So: maximize compounding, or maximize the grant? That is the conventional debate. And it's a false choice.*

---

## \$2,500 / Year

Start with the schedule most families actually run: \$2,500 a year, every year, collecting the full \$500 grant each time. In this article's frame the other \$47,500 is not idle; it waits in the taxable account, taxed on its growth all the way down the calendar. All grants are captured but tax shelter arrives slowly.

\$2,500 every year × 19 · projected to age 18 at 7% gross

Alberta · top marginal rates · 10% annual turnover · 7% gross return · \$50,000 pool

| AGE   | CONTRIBUTION | CESG  | RESP VALUE | NON-REG VALUE | COMBINED |
|-------|--------------|-------|------------|---------------|----------|
| 0     | 2,500        | 500   | 3,210      | 50,258        | 53,468   |
| 1     | 2,500        | 500   | 6,645      | 50,465        | 57,109   |
| 2     | 2,500        | 500   | 10,320     | 50,628        | 60,947   |
| 3     | 2,500        | 500   | 14,252     | 50,753        | 65,005   |
| 4     | 2,500        | 500   | 18,460     | 50,845        | 69,305   |
| 5     | 2,500        | 500   | 22,962     | 50,909        | 73,871   |
| 6     | 2,500        | 500   | 27,779     | 50,949        | 78,728   |
| 7     | 2,500        | 500   | 32,934     | 50,967        | 83,901   |
| 8     | 2,500        | 500   | 38,449     | 50,966        | 89,416   |
| 9     | 2,500        | 500   | 44,351     | 50,949        | 95,300   |
| 10    | 2,500        | 500   | 50,665     | 50,916        | 101,582  |
| 11    | 2,500        | 500   | 57,422     | 50,870        | 108,292  |
| 12    | 2,500        | 500   | 64,651     | 50,812        | 115,463  |
| 13    | 2,500        | 500   | 72,387     | 50,742        | 123,129  |
| 14    | 2,500        | 200   | 80,343     | 50,661        | 131,005  |
| 15    | 2,500        | —     | 88,642     | 50,571        | 139,213  |
| 16    | 2,500        | —     | 97,522     | 50,470        | 147,992  |
| 17    | 2,500        | —     | 107,024    | 50,360        | 157,384  |
| 18    | 2,500        | —     | 117,190    | 47,422        | 164,612  |
| Total | 47,500       | 7,200 | 117,190    | 47,422        | 164,612  |

# \$50k Lump Sum (1 Yr)

The other extreme. Everything goes in on day one, so every dollar compounds tax-sheltered from the start, but the grant is paid at \$500 a year, so a single year of contributions collects a single year of CESG and walks away from up to \$6,700 of free money.

\$50k in one year · projected to age 18 at 7% gross

Alberta · top marginal rates · 10% annual turnover · 7% gross return · \$50,000 pool

| AGE   | CONTRIBUTION | CESG | RESP VALUE | NON-REG VALUE | COMBINED |
|-------|--------------|------|------------|---------------|----------|
| 0     | 50,000       | 500  | 54,035     | —             | 54,035   |
| 1     | —            | —    | 57,817     | —             | 57,817   |
| 2     | —            | —    | 61,865     | —             | 61,865   |
| 3     | —            | —    | 66,195     | —             | 66,195   |
| 4     | —            | —    | 70,829     | —             | 70,829   |
| 5     | —            | —    | 75,787     | —             | 75,787   |
| 6     | —            | —    | 81,092     | —             | 81,092   |
| 7     | —            | —    | 86,768     | —             | 86,768   |
| 8     | —            | —    | 92,842     | —             | 92,842   |
| 9     | —            | —    | 99,341     | —             | 99,341   |
| 10    | —            | —    | 106,295    | —             | 106,295  |
| 11    | —            | —    | 113,736    | —             | 113,736  |
| 12    | —            | —    | 121,697    | —             | 121,697  |
| 13    | —            | —    | 130,216    | —             | 130,216  |
| 14    | —            | —    | 139,331    | —             | 139,331  |
| 15    | —            | —    | 149,084    | —             | 149,084  |
| 16    | —            | —    | 159,520    | —             | 159,520  |
| 17    | —            | —    | 170,687    | —             | 170,687  |
| 18    | —            | —    | 182,635    | —             | 182,635  |
| Total | 50,000       | 500  | 182,635    | —             | 182,635  |

# Traditional Maximizer

The third familiar option splits the difference: \$16,500 up front, then \$2,500 a year until the full \$7,200 of CESG is captured. This is a strategy commonly recommended: maximum grant and a substantial head start on compounding.

\$16.5k, then \$2,500/yr to the limit — capturing all \$7,200 of CESG · projected to age 18 at 7% gross

Alberta · top marginal rates · 10% annual turnover · 7% gross return · \$50,000 pool

| AGE   | CONTRIBUTION | CESG  | RESP VALUE | NON-REG VALUE | COMBINED |
|-------|--------------|-------|------------|---------------|----------|
| 0     | 16,500       | 500   | 18,190     | 35,445        | 53,635   |
| 1     | 2,500        | 500   | 22,673     | 34,805        | 57,479   |
| 2     | 2,500        | 500   | 27,470     | 34,085        | 61,556   |
| 3     | 2,500        | 500   | 32,603     | 33,288        | 65,891   |
| 4     | 2,500        | 500   | 38,096     | 32,416        | 70,512   |
| 5     | 2,500        | 500   | 43,972     | 31,472        | 75,444   |
| 6     | 2,500        | 500   | 50,260     | 30,454        | 80,715   |
| 7     | 2,500        | 500   | 56,989     | 29,365        | 86,353   |
| 8     | 2,500        | 500   | 64,188     | 28,202        | 92,390   |
| 9     | 2,500        | 500   | 71,891     | 26,966        | 98,857   |
| 10    | 2,500        | 500   | 80,133     | 25,654        | 105,787  |
| 11    | 2,500        | 500   | 88,953     | 24,264        | 113,216  |
| 12    | 2,500        | 500   | 98,389     | 22,794        | 121,183  |
| 13    | 2,500        | 500   | 108,487    | 21,240        | 129,727  |
| 14    | 1,000        | 200   | 117,365    | 21,258        | 138,622  |
| 15    | —            | —     | 125,580    | 22,380        | 147,960  |
| 16    | —            | —     | 134,371    | 23,559        | 157,930  |
| 17    | —            | —     | 143,777    | 24,799        | 168,576  |
| 18    | —            | —     | 153,841    | 24,643        | 178,484  |
| Total | 50,000       | 7,200 | 153,841    | 24,643        | 178,484  |

Three familiar options, three verdicts — and a fourth possibility hiding between them.

## Why only those options?

Here's what always bugged me about that framing. Lump sum versus Maximizer treats the question as binary, but there's a whole spectrum between them. What if you front-load *most* of the money and finish earning the CESG over two years? Three? Four? Where, exactly, does the trade-off between tax-free compounding and free grant money actually land?

So I modelled sixteen strategies: a one-year lump sum, two- through *fourteen*-year fundings, the Traditional Maximizer, and the no-strategy baseline of just \$2,500 a year. Same starting capital, same returns, same taxes for all of them. Then I let the numbers settle it. (The schedules extend to fourteen years for a reason: fourteen years is the last schedule before the \$7,200 lifetime CESG cap creates a partial-grant final year, and lower returns are where the longer funding schedules become most competitive.)

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*A schedule nobody argues about at barbecues, sitting quietly between the two famous ones. It just beat both.*

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## One from the middle of the spectrum, worked

## 6-Year Funding

\$37.5k, then \$2,500/yr × 5. A schedule nobody argues about at barbecues, sitting quietly between the two famous ones. It just beat both. Here is its full year-by-year picture, on exactly the same terms as the three above:

\$37.5k, then \$2,500/yr × 5 · projected to age 18 at 7% gross

Alberta · top marginal rates · 10% annual turnover · 7% gross return · \$50,000 pool

| AGE   | CONTRIBUTION | CESG  | RESP VALUE | NON-REG VALUE | COMBINED |
|-------|--------------|-------|------------|---------------|----------|
| 0     | 37,500       | 500   | 40,660     | 13,226        | 53,886   |
| 1     | 2,500        | 500   | 46,716     | 11,316        | 58,032   |
| 2     | 2,500        | 500   | 53,196     | 9,271         | 62,468   |
| 3     | 2,500        | 500   | 60,130     | 7,091         | 67,221   |
| 4     | 2,500        | 500   | 67,549     | 4,773         | 72,322   |
| 5     | 2,500        | 500   | 75,488     | 2,315         | 77,802   |
| 6     | —            | —     | 80,772     | 2,441         | 83,212   |
| 7     | —            | —     | 86,426     | 2,572         | 88,998   |
| 8     | —            | —     | 92,476     | 2,711         | 95,186   |
| 9     | —            | —     | 98,949     | 2,856         | 101,805  |
| 10    | —            | —     | 105,875    | 3,008         | 108,884  |
| 11    | —            | —     | 113,287    | 3,168         | 116,455  |
| 12    | —            | —     | 121,217    | 3,337         | 124,553  |
| 13    | —            | —     | 129,702    | 3,513         | 133,215  |
| 14    | —            | —     | 138,781    | 3,699         | 142,480  |
| 15    | —            | —     | 148,496    | 3,894         | 152,390  |
| 16    | —            | —     | 158,890    | 4,099         | 162,990  |
| 17    | —            | —     | 170,013    | 4,315         | 174,328  |
| 18    | —            | —     | 181,913    | 4,288         | 186,201  |
| Total | 50,000       | 3,000 | 181,913    | 4,288         | 186,201  |

Set the six-year fund beside those three, and two things jump out across the four tables. First, the six-year fund *beats* the day-one lump sum: pacing the front-load picks up \$2,500 more of CESG without giving up much compounding, and that is the whole trade this article is about. Second, the \$2,500-a-year baseline trails everything; if you can afford to do better than \$2,500 a year, do.

## The results: every strategy, across every return

One return assumption is never enough, so here's the full grid. All sixteen strategies, run from 3% to 10%, at Alberta's top marginal rates. The highlighted cell in each column is the winner at that return.

These are hypothetical modelling results based on stated assumptions and are not projections or recommendations for any individual investor.

### Alberta — all sixteen strategies

Combined RESP + Non-Registered value at the end of age 18, by assumed annual return

Alberta · top marginal rates · 10% annual turnover · \$50,000 pool · single child born at the start of year 0 · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| STRATEGY                                                              | 3%     | 4%      | 5%      | 6%      | 7%      | 8%      | 9%      | 10%     |
|-----------------------------------------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>\$50K LUMP SUM</b><br>(1 YR)<br>\$50K IN ONE YEAR                  | 88,552 | 106,396 | 127,611 | 152,793 | 182,635 | 217,943 | 259,654 | 308,853 |
| <b>2-YEAR FUNDING</b><br>\$47.5K, THEN \$2,500/YR × 1                 | 89,327 | 107,288 | 128,650 | 154,002 | 184,034 | 219,545 | 261,483 | 310,935 |
| <b>3-YEAR FUNDING</b><br>\$45K, THEN \$2,500/YR × 2                   | 90,004 | 108,025 | 129,479 | 154,931 | 185,059 | 220,647 | 262,651 | 312,155 |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | 90,587 | 108,617 | 130,110 | 155,599 | 185,743 | 221,295 | 263,228 | 312,614 |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | 91,078 | 109,068 | 130,555 | 156,027 | 186,115 | 221,534 | 263,277 | 312,400 |
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | 91,482 | 109,387 | 130,827 | 156,232 | 186,201 | 221,404 | 262,853 | 311,591 |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | 91,802 | 109,579 | 130,935 | 156,231 | 186,026 | 220,938 | 262,006 | 310,254 |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | 92,040 | 109,651 | 130,889 | 156,038 | 185,612 | 220,168 | 260,781 | 308,449 |
| <b>9-YEAR FUNDING</b><br>\$30K, THEN \$2,500/YR × 8                   | 92,199 | 109,609 | 130,700 | 155,668 | 184,978 | 219,125 | 259,216 | 306,231 |
| <b>10-YEAR FUNDING</b><br>\$27.5K, THEN \$2,500/YR × 9                | 92,284 | 109,458 | 130,375 | 155,133 | 184,145 | 217,833 | 257,348 | 303,645 |
| <b>11-YEAR FUNDING</b><br>\$25K, THEN \$2,500/YR × 10                 | 92,295 | 109,204 | 129,924 | 154,447 | 183,128 | 216,316 | 255,208 | 300,734 |
| <b>12-YEAR FUNDING</b><br>\$22.5K, THEN \$2,500/YR × 11               | 92,237 | 108,851 | 129,354 | 153,620 | 181,943 | 214,597 | 252,825 | 297,535 |
| <b>13-YEAR FUNDING</b><br>\$20K, THEN \$2,500/YR × 12                 | 92,112 | 108,405 | 128,673 | 152,663 | 180,605 | 212,693 | 250,225 | 294,082 |
| <b>14-YEAR FUNDING</b><br>\$17.5K, THEN \$2,500/YR × 13               | 91,922 | 107,870 | 127,887 | 151,585 | 179,127 | 210,623 | 247,430 | 290,404 |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | 91,821 | 107,623 | 127,534 | 151,110 | 178,484 | 209,736 | 246,243 | 288,853 |
| <b>\$2,500 / YEAR</b><br>\$2,500 EVERY YEAR × 19                      | 86,554 | 99,963  | 118,181 | 139,826 | 164,612 | 192,123 | 224,119 | 261,310 |

Highlighted = best-performing strategy at each assumed annual return. Combined RESP + Non-Registered value at the end of age 18, **Alberta** tax rates (2026).

Look at where the highlights fall, and you'll see the real lesson: the winning schedule moves in only one direction. As expected returns rise, it becomes progressively shorter. At a 3% return the eleven-year fund wins by eleven dollars over the ten-year; at 4% the eight-year takes it; then seven, six (where the ladder holds for two rungs), five, five again at 9%, and by 10% the four-year fund. Earlier tax-sheltered compounding becomes more valuable as expected returns increase. At higher returns, the benefit of sheltering more capital sooner increasingly outweighs the additional grants available from waiting, so the optimal funding schedule generally becomes shorter.

Notice who is *not* on that ladder. The Traditional Maximizer — the strategy I once wrote up as the answer, and one commonly recommended — does not win a single column. At 3% it comes within \$474 of the eleven-year fund, close enough to respect but no longer a photo finish. The full standings tell the rest: eighth of the fifteen front-loaded schedules at 3%, thirteenth at 4%; from 5% up, last among the fifteen deliberate funding strategies, ahead only of the \$2,500-a-year no-strategy baseline. It even trails the day-one lump sum, a strategy it out-grants by \$6,700: \$77 behind at 5%, \$1,683 at 6%, \$4,151 at 7%, and \$20,000 at 10%, with every schedule from two to fourteen years beating it by more. The reason is structural: the Maximizer is a disguised long fund, with \$16,500 up front and then a crawl, and its near-misses are the table rewarding *long*, not rewarding *Maximizer*. The genuine long funds beat it at its own game: the thirteen-year fund voluntarily gives up \$700 of CESG and still beats it even at 3%, by \$291. The full grant was never worth its own price. And across the entire range, the pure \$50k lump sum is never the winner, while the no-strategy \$2,500-a-year is always the worst.

One more stress test, because I could hear the objection coming: *what if returns are spectacular?* I extended the grid to 12%, 15%, 20%, and all the way to a 25% annual return. The pattern continues: the four-year fund still holds at 12%, by just \$32 over the three-year; the three-year fund takes over at 15%, and the two-year fund from 20% up. And then it stops. At no return we tested, even at 25% a year, does the \$50k day-one lump sum win. Even at 25% a year, holding back a single \$2,500 contribution to collect the second year's \$500 grant beats sheltering it twelve months earlier. That is the hard ceiling on how fast optimal funding can get, and the CESG's annual cap is what sets it. The ceiling is not literally infinite: run the arithmetic far enough and a return somewhere north of 50% a year would eventually make the extra grant not worth the wait — but no realistic return expectation justifies walking away from the second year's grant.

What the day-one lump sum does buy is simplicity: one contribution, one decision, and nothing to remember for the next eighteen years. That is worth something real, and the tables let you price it. In the sixteen-strategy Alberta table above, choosing the lump over the best available schedule costs between \$3,255 and \$3,761 at every return from 3% to 10%. Notice how little that varies: the price of simplicity barely moves no matter what the market does. Later in this article we summarize 192 personal cases that vary by jurisdiction, income level, portfolio turnover and family composition, and for those 192 cases the overall average cost is \$3,895. So funding in a single year is a decision about simplicity rather than about outcome, and depending on what you value, that may be entirely reasonable. Just make it deliberately: know that you are buying convenience, and know that it costs roughly four thousand dollars of your child's education.

# III | The What Ifs

## What if you live in a different province?

Everything above uses Alberta's tax rates. The reason provincial tax can change the answer is the tax drag on the money waiting outside the RESP, and that drag is far heavier in some provinces than others. As the rate table showed, the 7% income mix produces a blended marginal rate of 30.9% in Alberta and 30.1% in Saskatchewan, against 34.3% in British Columbia and 34.6% in Ontario, with Quebec, net of the federal abatement, sitting alongside them at 34.2%. Does that gap change which strategy wins?

Mostly, no. That's reassuring. The big picture is identical in all thirteen jurisdictions: don't lump-sum, don't drift, front-load the account, and let your expected return decide how many years to spread it over. But once provincial tax is layered in, the dial shifts in a consistent direction.

## Winning strategy by jurisdiction

Which of the sixteen schedules finishes highest — every province and territory, at each assumed annual return

\$400,000 of employment income in each jurisdiction — the top bracket everywhere except Yukon and Newfoundland and Labrador, whose top brackets begin higher · single child born at the start of year 0 · \$50,000 pool · 10% annual turnover · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| RETURN | B.C.    | ALTA.   | SASK.   | MAN.    | ONT.    | QUE.    | N.B.    | N.S.    | P.E.I.  | N.L.    | Y.T.    | N.W.T.  | NUN.    |
|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 3%     | 10-Year | 11-Year | 11-Year | 10-Year | 10-Year | 14-Year | 10-Year | 10-Year | 10-Year | 10-Year | 11-Year | 11-Year | 11-Year |
| 4%     | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 11-Year | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 9-Year  |
| 5%     | 7-Year  | 7-Year  | 7-Year  | 7-Year  | 7-Year  | 9-Year  | 7-Year  | 7-Year  | 7-Year  | 7-Year  | 8-Year  | 7-Year  | 8-Year  |
| 6%     | 6-Year  | 6-Year  | 7-Year  | 6-Year  | 6-Year  | 8-Year  | 6-Year  | 6-Year  | 6-Year  | 6-Year  | 7-Year  | 7-Year  | 7-Year  |
| 7%     | 5-Year  | 6-Year  | 6-Year  | 6-Year  | 5-Year  | 8-Year  | 6-Year  | 5-Year  | 5-Year  | 5-Year  | 6-Year  | 6-Year  | 6-Year  |
| 8%     | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 7-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year  |
| 9%     | 4-Year  | 5-Year  | 5-Year  | 4-Year  | 4-Year  | 6-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 5-Year  | 5-Year  | 5-Year  |
| 10%    | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 5-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year  |

■ Highlighted = the winner differs from Alberta's. Heavier-taxed jurisdictions fund a rung faster; the lightest-taxed — Saskatchewan among the provinces, and the three territories — run a single rung slower, and only in the middle of the range. Quebec remains the outlier — the only jurisdiction whose ladder runs slower at every return, by one rung at the top of the range and three at the bottom — and QESI rather than tax is the reason. Its 3% cell is the closest the Traditional Maximizer comes to a win in the jurisdiction comparison: the fourteen-year fund takes it with the Traditional Maximizer sixteen dollars behind.

Read it this way: the higher your provincial tax, the more the math rewards getting money inside the RESP *sooner*. The pattern is remarkably tidy once every province is on the table: the heavier-taxed provinces (British Columbia, Ontario, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and to a lesser degree Manitoba and New Brunswick) all fund one rung faster than Alberta through the middle of the range, while lightest-taxed Saskatchewan now matches Alberta across most of the range, edging one rung *slower* only at 6% because its lower drag can justify another year of CESG. Quebec is the deliberate exception: its tax drag matches BC's, but QESI pays you to slow down; it is the only province where the two forces point in opposite directions, and the grant wins.

The most striking case sits at the bottom of the range. In Ontario at 3%, the whole podium is mid-ladder: the ten-year fund wins with the nine- and eleven-year a few dozen dollars behind, and the Maximizer \$768 back: price a 3% world's income the way a 3% portfolio actually pays it, and even the heaviest-taxed province's answer moves to the middle rungs, not the longest ones. On the tax side of the ledger, the Maximizer wins nowhere. Even Saskatchewan at 3%, the least-drag province and its natural best case, goes to the eleven-year fund. Patience pays there; it just pays a named schedule instead of the classic one. Quebec then breaks the frame entirely — winning the same argument with a second grant instead of a lower tax rate, as its own grid below shows. That is the provincial lesson in one cell: the higher your tax rate, the more the math rewards getting money inside the RESP sooner, and the earlier the grant stops being worth waiting for.

The Saskatchewan, British Columbia and Ontario grids tell the same story as the winner table above; Quebec's grid stays, because in Quebec the grid *is* the story.

One line item used to be unique to British Columbia: the \$1,200 BCTESG, claimable between a child's sixth and ninth birthdays with no contribution required. It is not in these figures, because British Columbia is discontinuing it on April 1, 2028; a child born in 2026 turns six in 2032, four years too late. Families whose children are already between their sixth and ninth birthdays should still claim it before the deadline; for them it lands identically under every strategy, which is why it lifts the whole grid without moving a single winner. Free money that changes no decisions. Leave it unclaimed and every number above drops by that amount.

And then there is Quebec — the one jurisdiction where the ladder bends for a reason no tax table can explain. Revenu Québec runs its own RESP match, the Quebec Education Savings Incentive: 10% on contributions, with match rights accruing at \$250 per year from birth, to a lifetime maximum of \$3,600. The design detail that matters is the accrual: each funding year draws \$250 of entitlement (a missed year can be caught up, to \$500), so a fifty-thousand-dollar plan captures exactly \$250 of QESI per funding year. The lump sum collects \$250 and stops. The ten-year fund collects \$2,500. Only schedules still contributing in year fifteen (the Traditional Maximizer among them) bank the full \$3,600. Patience, in Quebec, is literally subsidized.

## Quebec

Quebec · top marginal rates · QESI included · 10% annual turnover · \$50,000 pool · single child born at the start of year 0 · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| STRATEGY                                                              | 3%     | 4%      | 5%      | 6%      | 7%      | 8%      | 9%      | 10%     |
|-----------------------------------------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>\$50K LUMP SUM (1 YR)</b><br>\$50K IN ONE YEAR                     | 88,990 | 106,923 | 128,243 | 153,549 | 183,539 | 219,022 | 260,939 | 310,382 |
| <b>2-YEAR FUNDING</b><br>\$47.5K, THEN \$2,500/YR × 1                 | 90,185 | 108,311 | 129,870 | 155,455 | 185,760 | 221,592 | 263,907 | 313,800 |
| <b>3-YEAR FUNDING</b><br>\$45K, THEN \$2,500/YR × 2                   | 91,262 | 109,516 | 131,246 | 157,023 | 187,531 | 223,559 | 266,078 | 316,181 |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | 92,226 | 110,547 | 132,385 | 158,278 | 188,889 | 224,979 | 267,536 | 317,645 |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | 93,082 | 111,412 | 133,302 | 159,242 | 189,869 | 225,904 | 268,354 | 318,293 |
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | 93,833 | 112,117 | 134,008 | 159,936 | 190,502 | 226,378 | 268,598 | 318,217 |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | 94,483 | 112,672 | 134,518 | 160,380 | 190,817 | 226,443 | 268,325 | 317,497 |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | 95,035 | 113,082 | 134,842 | 160,590 | 190,838 | 226,138 | 267,589 | 316,204 |
| <b>9-YEAR FUNDING</b><br>\$30K, THEN \$2,500/YR × 8                   | 95,493 | 113,355 | 134,992 | 160,584 | 190,592 | 225,495 | 266,436 | 314,402 |
| <b>10-YEAR FUNDING</b><br>\$27.5K, THEN \$2,500/YR × 9                | 95,860 | 113,498 | 134,977 | 160,377 | 190,098 | 224,547 | 264,909 | 312,146 |
| <b>11-YEAR FUNDING</b><br>\$25K, THEN \$2,500/YR × 10                 | 96,140 | 113,515 | 134,809 | 159,984 | 189,379 | 223,321 | 263,045 | 309,489 |
| <b>12-YEAR FUNDING</b><br>\$22.5K, THEN \$2,500/YR × 11               | 96,335 | 113,414 | 134,496 | 159,417 | 188,452 | 221,843 | 260,879 | 306,473 |
| <b>13-YEAR FUNDING</b><br>\$20K, THEN \$2,500/YR × 12                 | 96,449 | 113,199 | 134,046 | 158,690 | 187,334 | 220,136 | 258,442 | 303,139 |
| <b>14-YEAR FUNDING</b><br>\$17.5K, THEN \$2,500/YR × 13               | 96,484 | 112,878 | 133,469 | 157,814 | 186,042 | 218,221 | 255,762 | 299,523 |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | 96,468 | 112,708 | 133,190 | 157,408 | 185,461 | 217,380 | 254,603 | 297,977 |
| <b>\$2,500 / YEAR</b><br>\$2,500 EVERY YEAR × 19                      | 90,703 | 104,354 | 123,004 | 145,137 | 170,390 | 198,256 | 230,593 | 268,100 |

Quebec at the top bracket, QESI included. The 3% column is the closest the Traditional Maximizer comes to a win anywhere in this article – the fourteen-year fund by sixteen dollars – and every rung sits one to two years slower than Alberta's.

The result still reads like nothing else in this piece. At 3%, the fourteen-year fund beats the Maximizer \$96,484 to \$96,468, the closest the classic advice comes to a win anywhere in the article; at 4%, the eleven-year fund takes the column. QESI carries the classic advice to within rounding distance of a win, and nowhere else in Canada gets it that close. Because that near-miss turns on a grant, the grant's timing got the direct test: Revenu Québec pays QESI once a year, the following May, rather than in the contribution year. We reran the comparison with the payment positioned at end-May: the fourteen-year fund's win *widens* from \$16 to \$21: the delay costs the Maximizer's grant dollars slightly more than the fourteen-year's. The tables in this article keep the

contribution-year convention; using the actual end-May payment timing does not change the conclusion. Every other rung shifts one to two years slower than Alberta's: an eight-year fund at 7% where Alberta takes the six, a five-year at 10% where Alberta takes the four. Note what this is *not*: it is not Quebec's tax rates, which are BC-and-Ontario heavy and would otherwise push the province toward *faster* funding. It is the design of QESI outweighing the tax-rate effect, exactly what the provincial incentive is intended to do.

None of this overturns the conclusion; it sharpens it. The case for front-loading an RESP gets *stronger* as your tax rate rises, which is one more reason the \$50k-on-day-one and the drift-along-at-\$2,500 approaches keep losing, in every province.

## What if the portfolio is traded more, or less, often?

This is the assumption I took a shortcut on last time, so it is worth being explicit about. When I first ran this analysis I had the taxable account realize *all* of its capital gains every single year (100% turnover). It is the simplest assumption to model and the most conservative one available, since it maximizes the tax drag on the money waiting outside the RESP, and a conservative simplification is easy to defend. It is also not what anybody does.

So there are no shortcuts in this version. The base case throughout this article assumes the taxable account realizes a tenth of its unrealized gain each year, roughly what a buy-and-hold investor with occasional rebalancing actually does. That is a harder default to justify than the conservative one, because it required deciding what typical behaviour looks like rather than hiding behind a worst case; it is also the only default that makes the tables describe a real portfolio. Trading habits still vary enormously: an active investor might realize half the portfolio in a year; an indexer, almost none. Whatever goes unrealized keeps compounding untaxed until it is eventually realized.

So the analysis runs across the full range: 100%, 75%, 50%, 25%, the 10% base, and 0% a year. The 100% case is the maximum-drag bookend, 0% the absolute minimum, and the base sits near the patient end where most real portfolios live.

## Winning strategy by how often you trade

Alberta · annual portfolio turnover, from trading the whole portfolio each year through the 10% base to never selling until the cliff

Alberta · top marginal rates · \$50,000 pool · single child born at the start of year 0 · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| RETURN | 100%    | 75%     | 50%     | 25%     | 10% (BASE) | 0%      |
|--------|---------|---------|---------|---------|------------|---------|
| 3%     | 11-Year | 11-Year | 11-Year | 11-Year | 11-Year    | 11-Year |
| 4%     | 8-Year  | 8-Year  | 8-Year  | 8-Year  | 8-Year     | 8-Year  |
| 5%     | 7-Year  | 7-Year  | 7-Year  | 7-Year  | 7-Year     | 7-Year  |
| 6%     | 6-Year  | 6-Year  | 6-Year  | 6-Year  | 6-Year     | 7-Year  |
| 7%     | 5-Year  | 5-Year  | 6-Year  | 6-Year  | 6-Year     | 6-Year  |
| 8%     | 5-Year  | 5-Year  | 5-Year  | 5-Year  | 5-Year     | 5-Year  |
| 9%     | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 5-Year     | 5-Year  |
| 10%    | 4-Year  | 4-Year  | 4-Year  | 4-Year  | 4-Year     | 4-Year  |

Alberta. Highlighted = the winner differs from the 10% base used throughout this article. Less trading defers more gain, which gradually rewards a longer, more patient funding schedule, but the ranking barely moves.

The reassuring headline: the ranking barely moves. Lower turnover lifts every strategy that parks money in the taxable account: going from the 10% base to never selling, at a 7% return, the Traditional Maximizer gains \$1,063 and the do-nothing \$2,500-a-year baseline gains \$2,064, but the \$50k lump sum, which holds nothing outside the RESP, doesn't move at all, and the no-strategy baseline is still comfortably last.

What does shift is subtle and intuitive: with less drag, the math rewards a little more *patience*. Because deferred gains compound so efficiently, holding money in the taxable account a year or two longer to collect more CESG on a longer funding schedule edges ahead. So the winning fund drifts toward a longer schedule one notch at a time as turnover falls: at a 7% return it moves from the five-year fund to the six somewhere around half-yearly turnover; at 6%, to the seven-year fund only when selling stops entirely; and stepping below quarter-yearly turnover nudges the 9% winner from four years to five. The gains build where there are gains to defer. At 3%, a column with no price appreciation at all, the turnover level barely registers, and the benefit of trading less grows with the return from there.

The drift never reaches the bottom of the table, though: the eleven-year fund holds the 3% column at every turnover level — even maximum deferral doesn't reach past the long funds to the Maximizer.

Rather than print five grids that differ in the fourth digit, here are the two extremes on one page: the never-sell world and the trade-everything world, every strategy side by side. The upper number in each cell is what you finish with if you never sell; the lower

is what you finish with if you realize every gain each year. The intermediate levels sit between them.

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*Trading habits matter, and they matter roughly a hundredth as much as the decision to front-load at all.*

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## The two bookends on one page

Never selling versus trading everything: the upper figure in each cell is 0% turnover, the lower is 100%

Alberta · top marginal rates · \$50,000 pool · single child born at the start of year 0 · deferred gains realized in a final-year cliff sale in both cases · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| STRATEGY                                                              | 3%                      | 4%                        | 5%                        | 6%                        | 7%                        | 8%                        | 9%                        | 10%                       |
|-----------------------------------------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>\$50K LUMP SUM (1 YR)</b><br>\$50K IN ONE YEAR                     | 88,552<br>88,552        | 106,396<br>106,396        | 127,611<br>127,611        | 152,793<br>152,793        | 182,635<br>182,635        | 217,943<br>217,943        | 259,654<br>259,654        | 308,853<br>308,853        |
| <b>2-YEAR FUNDING</b><br>\$47.5K, THEN \$2,500/YR × 1                 | 89,327<br>89,327        | 107,288<br>107,287        | 128,652<br>128,647        | 154,006<br>153,994        | 184,043<br>184,016        | 219,561<br>219,514        | 261,508<br>261,433        | 310,974<br>310,856        |
| <b>3-YEAR FUNDING</b><br>\$45K, THEN \$2,500/YR × 2                   | 90,004<br>90,004        | 108,026<br>108,024        | 129,483<br>129,469        | 154,944<br>154,904        | 185,087<br>185,003        | 220,694<br>220,550        | 262,728<br>262,496        | 312,274<br>311,915        |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | 90,587<br>90,587        | 108,618<br>108,614        | 130,119<br>130,090        | 155,627<br>155,543        | 185,799<br>185,628        | 221,391<br>221,099        | 263,383<br>262,912        | <b>312,854</b><br>312,129 |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | 91,078<br>91,078        | 109,070<br>109,064        | 130,572<br>130,521        | 156,074<br>155,931        | 186,211<br>185,919        | <b>221,697</b><br>221,202 | <b>263,539</b><br>262,746 | 312,803<br>311,588        |
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | 91,482<br>91,482        | 109,390<br>109,380        | 130,852<br>130,773        | 156,304<br>156,084        | <b>186,348</b><br>185,902 | 221,652<br>220,900        | 263,250<br>262,053        | 312,198<br>310,374        |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | 91,802<br>91,802        | 109,584<br>109,569        | <b>130,972</b><br>130,857 | <b>156,334</b><br>156,019 | 186,236<br>185,602        | 221,290<br>220,229        | 262,567<br>260,886        | 311,107<br>308,559        |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | 92,040<br>92,040        | <b>109,659</b><br>109,637 | 130,941<br>130,784        | 156,180<br>155,752        | 185,896<br>185,043        | 220,645<br>219,222        | 261,534<br>259,293        | 309,588<br>306,208        |
| <b>9-YEAR FUNDING</b><br>\$30K, THEN \$2,500/YR × 8                   | 92,199<br>92,199        | 109,619<br>109,590        | 130,769<br>130,561        | 155,855<br>155,296        | 185,351<br>184,244        | 219,744<br>217,910        | 260,189<br>257,316        | 307,694<br>303,379        |
| <b>10-YEAR FUNDING</b><br>\$27.5K, THEN \$2,500/YR × 9                | 92,284<br>92,284        | 109,471<br>109,433        | 130,464<br>130,200        | 155,373<br>154,666        | 184,618<br>183,227        | 218,614<br>216,321        | 258,568<br>254,994        | 305,470<br>300,127        |
| <b>11-YEAR FUNDING</b><br>\$25K, THEN \$2,500/YR × 10                 | <b>92,295</b><br>92,295 | 109,220<br>109,172        | 130,036<br>129,707        | 154,747<br>153,873        | 183,713<br>182,008        | 217,278<br>214,481        | 256,701<br>252,362        | 302,956<br>296,496        |
| <b>12-YEAR FUNDING</b><br>\$22.5K, THEN \$2,500/YR × 11               | 92,237<br>92,237        | 108,871<br>108,813        | 129,493<br>129,091        | 153,987<br>152,930        | 182,654<br>180,604        | 215,756<br>212,413        | 254,615<br>249,452        | 300,187<br>292,532        |
| <b>13-YEAR FUNDING</b><br>\$20K, THEN \$2,500/YR × 12                 | 92,112<br>92,112        | 108,429<br>108,359        | 128,842<br>128,360        | 153,104<br>151,848        | 181,454<br>179,031        | 214,068<br>210,138        | 252,335<br>246,293        | 297,193<br>288,270        |
| <b>14-YEAR FUNDING</b><br>\$17.5K, THEN \$2,500/YR × 13               | 91,922<br>91,922        | 107,900<br>107,816        | 128,090<br>127,521        | 152,109<br>150,636        | 180,125<br>177,304        | 212,230<br>207,676        | 249,882<br>242,911        | 294,002<br>283,745        |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | 91,821<br>91,821        | 107,655<br>107,564        | 127,752<br>127,144        | 151,669<br>150,103        | 179,547<br>176,557        | 211,441<br>206,623        | 248,840<br>241,478        | 292,656<br>281,842        |
| <b>\$2,500 / YEAR</b><br>\$2,500 EVERY YEAR × 19                      | 86,554<br>86,554        | 100,037<br>99,845         | 118,643<br>117,422        | 140,953<br>137,930        | 166,676<br>161,069        | 195,342<br>186,507        | 228,906<br>215,661        | 268,178<br>249,041        |

■ Red = wins only if you never sell. ■ Blue = wins only if you trade everything every year. ■ Navy = wins in both worlds. The entire span between the two extremes of investor behaviour is exactly zero at a 3% return because there is no price appreciation to realize, and \$725 at 10%; it never moves the winner by more than one rung.

Two things jump off that table. The first is how little the whole question is worth: the gap between the two most extreme investor behaviours imaginable runs from exactly \$0 at a 3% return — with no price appreciation there are no gains to realize, and the two bookends finish identical to the penny — to \$725 at 10%, on fifty thousand dollars over

nineteen years. Trading habits matter, and they matter roughly a hundredth as much as the decision to front-load at all. The second is where the two colours diverge: never selling shifts the winner one rung slower at 4%, 6%, 7% and 9%, and leaves it exactly where it was at 3%, 5%, 8% and 10%. In half the columns the answer does not care how you invest, and in the other half it cares by a single rung.

The bottom line survives the stress test intact. Across every turnover assumption from 100% down to nothing, in the highest-drag and lowest-drag worlds alike, the same personal-source advice holds: don't lump-sum on day one, don't drift along at \$2,500 a year, front-load the account, and let your return expectation set the pace. Realistic turnover doesn't rewrite the conclusion; it just makes the penalty for getting it wrong a little gentler.

Which leaves the question underneath the whole turnover exercise: what if you *never* sell? Every base-case age-18 accumulation comparison liquidates the taxable account in the final year and pays the tax. That is the conservative treatment, but it is not the likeliest one. A family with money still outside the RESP has no particular reason to sell it the month the child finishes school. So the analysis runs again with the final liquidation switched off, leaving the embedded gain untaxed. From the 10% base the effect is modest. The bookend is where it bites. At 0% turnover (buy in year one, never touch it), the \$2,500-a-year baseline picks up \$2,064 and the Traditional Maximizer \$1,063, while the day-one lump sum, which holds nothing outside the RESP, picks up nothing at all. Winners slide a rung slower at the low-return end, and the gap between the leading fund and the Maximizer narrows.

The effect is largest at 0% turnover. Slower funding strategies leave more unrealized gains outside the RESP, so eliminating the assumed final sale benefits them more than it benefits faster strategies. Even then, the winner moves by only one year and never shifts to the Traditional Maximizer. The tax has only been deferred, not eliminated: whoever eventually realizes the gain will pay it then. That is why the tables assume a final-year realization rather than allowing unrealized gains outside the RESP to remain untaxed indefinitely.

## What if the market crashes?

Every grid so far assumes returns arrive in a straight line, and takeaway lists, including my own 2024 writing, usually wave at the objection: *sequence risk can wreck the front-loaded strategies*. Fair. But “can wreck” is an assertion, not analysis. So we test the crash directly. We vary the year it hits, how far the market falls, and how long it takes to recover; during the recovery the market earns exactly the rate needed to climb back to its pre-crash level, and after that the normal return resumes. The crash hits everything — RESP and taxable account alike. Nobody gets to hide.

One deliberate change for this section, and this section only: the crash testing runs on a \$60,000 pool rather than the \$50,000 used everywhere else in this article. Here is why. With only the original \$50,000 available, however, a crash can exhaust the remaining funding pool before a schedule finishes. The final contributions and some CESG then

go unfunded, causing the table to measure a funding constraint alongside the effect of the crash. But a family in a position to front-load \$50,000 almost always has the resources to finish the remaining \$2,500 contributions after a bad year; an RESP left underfunded because of a market decline is the *least* realistic outcome on offer. So every schedule here gets a \$10,000 cushion, enough that all sixteen complete their plans through every crash tested in this section, including a 50% decline with a five-year recovery. What is left is a clean measurement of crash timing alone. The dollar values are therefore a little larger than the grids above; the comparison between strategies is what matters.

Here is a 25% crash with a two-year recovery, on the 7% base case, moved through time:

### Same crash, different year

A 25% decline with a two-year recovery at a 7% base return — combined value at age 18, by the year the crash lands

Alberta · top marginal rates · 10% annual turnover · \$60,000 pool (see the note above) · 7% base return · 25% decline with a two-year recovery

| CRASH LANDS IN | WINNER | WINNER'S VALUE | 4-YEAR  | 9-YEAR  | MAXIMIZER | LUMP SUM |
|----------------|--------|----------------|---------|---------|-----------|----------|
| YEAR 0         | 9-Year | 179,523        | 176,913 | 179,523 | 176,506   | 170,703  |
| YEAR 2         | 9-Year | 177,707        | 174,805 | 177,707 | 174,699   | 170,711  |
| YEAR 4         | 9-Year | 176,017        | 173,277 | 176,017 | 172,994   | 170,697  |
| YEAR 6         | 9-Year | 174,599        | 173,265 | 174,599 | 171,587   | 170,686  |
| YEAR 8         | 6-Year | 173,697        | 173,263 | 172,785 | 170,440   | 170,684  |
| YEAR 10        | 6-Year | 173,707        | 173,273 | 172,842 | 169,507   | 170,693  |

Highlighted = the best of the sixteen strategies under that crash timing. Alberta top-bracket rates and the 10% turnover used throughout; \$60,000 pool, so no schedule is interrupted by the crash.

Three things in that table repay a careful look.

First, look at the lump-sum column: it's the same number in every row. \$170,703 in the first row and within a few dollars of it in every row after — the drift is a tax refund from carrying the crash-year loss back, and nothing else moves. That isn't a typo: it's arithmetic. Money that is fully invested on day one experiences a crash-and-full-recovery as a round trip, and a round trip costs the same whether it happens in year two or year ten. Crash *timing* only matters for money still being deployed. Which is exactly why slower schedules perform better when the crash comes early: their remaining contributions (and their CESG) buy in during the recovery, at rates north of 15% a year. An immediate crash goes to the nine-year fund by \$36 over its nearest rival, and the nine-year holds every crash through year six, with the six-year fund reclaiming it only from year eight, because the slower schedules still have contributions available to invest during the recovery. And watch the four-year column go flat once its schedule finishes (the few dollars of drift are carryback refunds) — once

a schedule finishes deploying, it too is fully invested, and crash timing stops mattering for it.

Second, the strategy gap is real but the crash is bigger. The best and worst front-loaded schedules land within \$3,256 and \$8,819 of each other in every row, while the crash itself takes \$32,398 to \$38,225 off even the best of them against the no-crash case.

Picking the right funding schedule is worth doing; it is not crash insurance. Notice too how the winner moves as the crash moves: early crashes reward the slower schedules that still have money to deploy into the recovery, late crashes reward the faster ones that finished deploying long before it hit — one rung at a time, never a jump to the other end of the ladder.

Third, and this is the practical part, the right choice depends on what you believe.

Declines of 20%, 30%, 40% and 50%; recoveries of one, two, three and five years; and crash years 0, 2, 4, 6, 8, 10, 12 and 14. All are put to a single question: if you believe a crash of at least a given size will happen at *some unknown point* in a window, which strategy has the best worst case — and what does that robustness cost you if the crash never comes?

- “A normal bear market will happen sometime in the next decade, I just don’t know when” (a 20–40% decline, one-to-three-year recovery, any time in ten years): take the six-year fund. It has the best worst-case outcome — and because timing uncertainty washes out for schedules that finish in a handful of years, at the 10% turnover assumption used here, that added crash resilience has no opportunity cost in this analysis because the six-year fund also wins the no-crash base case.
- “The crash is coming soon” (at least 30%, multi-year recovery, within the next five years — you’d still be mid-deployment when it hits): stretch to the ten-year fund. It’s the best worst case for early crashes, and it costs \$2,057 against the no-crash winner if you’re wrong. That is the cost if the early-crash expectation is wrong.
- “I think a depression-class event is possible” (a 50% decline with a three-to-five-year recovery, landing in any year of the crash table above): even here, the biggest surprise in the testing, the best worst case belongs to the fourteen-year fund, with the Traditional Maximizer just \$76 behind it. This is the one scenario where the classic advice genuinely earns its reputation: at realistic turnover, in a catastrophe, the longest funds and the Maximizer are indistinguishable. It still does not win; covering the unknown-timing *bear-market* set with the six-year fund remains free.

So the sequence-risk objection was right in direction and lazy in magnitude. A crash does punish front-loading, but the rational response to *fearing* one isn’t to retreat all the way to the Maximizer. It’s to use a somewhat longer funding schedule: the six-year fund covers every unknown-timing bear-market scenario tested (20–40% declines, one-to three-year recoveries, any year in the next decade) for nothing at all; conviction that the crash is imminent buys the ten-year for pocket change. There is no crash in this testing that you hedge by paying the Maximizer’s premium.

Three more results from a sweep of 2,304 crash scenarios: six provinces and three incomes, tested at declines of 20%, 30%, 40% and 50%, recoveries of one, two, three and five years, and crash years 0, 2, 4, 6, 8, 10, 12 and 14. First, knowing the crash in advance matters less than it feels like it should. A crash does rename the best schedule in 74% of those scenarios, including every year-zero case, but acting on perfect foreknowledge is worth a median of \$609, and an average of \$1,242, against an average crash cost of \$42,589. Knowledge nobody has would recover about 3% of the damage.

Second, and more useful: the direction of every rename is the same. In all 1,711 scenarios where the crash changes the answer, it changes it to a slower schedule, never once to a faster one. How much slower varies, from one rung to eight; that it is slower does not vary at all. And the *class* of the answer barely moves: front-loading gives way to pacing the grant in 6 of 2,304 scenarios. Fear of a crash should lengthen your schedule, and lengthening it is the whole of what fear should do.

Third, dollar-cost averaging does buy real crash protection, just at a price worth seeing: averaged over the bear-market grid the drip loses \$9,918 less than the day-one lump while starting \$18,022 behind it in a world with no crash at all. The insurance is genuine; the premium is nearly twice the cover.

## What if benefit clawbacks are in play?

Everything to this point has used top marginal rates, the heaviest tax drag and the cleanest case to reason about. But most families funding an RESP aren't at the top rate. And here is the part no rate card shows you: the real cost of holding money in a taxable account isn't the tax you pay on its income. It's that tax *plus* the government benefits the income quietly claws back. Count both, and a family's effective rate on its investments can look nothing like the bracket they think they're in — and for a household with young children, the reason is the Canada Child Benefit.

The CCB is paid on a sliding scale set by your adjusted family net income. Earn a dollar more (including a dollar of dividends, interest or a realized capital gain in your non-registered account) and the benefit is reduced. How fast depends on how many children you have and where your income sits. In the first phase-out band (adjusted family net income from \$38,237 to \$82,847 for 2026) the benefit falls by 7% per extra dollar for one child, 13.5% for two, 19% for three — and 23% for four or more; above that, the rates ease to 3.2%, 5.7%, 8%, and 9.5%. Those reductions land on top of the income tax you already owe. So the effective rate on the taxable account (the single number that drives this entire analysis) is the statutory rate *plus* the clawback.

Two details change the size of the effect. Capital gains are only half-included in income, so they claw back benefits at half the rate. Eligible dividends work the other way: they're *grossed up* by 38% before they reach your net income, so a dollar of dividends inflates the clawback base to \$1.38. The dividend tax credit does not offset this, because it reduces tax rather than benefit clawback. A family can pay almost no income tax on its dividends and still lose Child Benefit on them.

Here is what that does to the numbers. At \$75,000 of family income every household sits in the same statutory bracket: 30.5% on ordinary income. Then add the clawback:

Effective rate on the taxable account at \$75,000 of family income

The next dollar of investment income, by number of children — statutory tax plus the Child Benefit clawback

Alberta · single earner · the next dollar of investment income · statutory tax plus benefit clawbacks

| FAMILY                | ORDINARY & FOREIGN | ELIGIBLE DIVIDENDS | CAPITAL GAINS |
|-----------------------|--------------------|--------------------|---------------|
| ONE CHILD             | 37.5%              | 19.8%              | 18.8%         |
| TWO CHILDREN          | 44.0%              | 28.8%              | 22.0%         |
| THREE CHILDREN        | 54.5%              | 43.3%              | 27.3%         |
| Top bracket (\$400k+) | 48.0%              | 34.3%              | 24.0%         |

Highlighted = the family’s effective rate exceeds the top marginal rate. The statutory base at \$75k is identical for everyone: 30.5% on ordinary income, 10.2% on eligible dividends, 15.25% on capital gains; everything above that is pure benefit clawback. The dividend figures are inflated by the 38% gross-up, which enlarges family net income and therefore the clawback, while the dividend tax credit does nothing to offset it. For the three-child row the clawback is two programs deep: the 19% Child Benefit phase-out plus the 5% grocery-benefit (GST-credit) phase-out, whose richer 2026 amounts stretch the three-child zone past \$75,000.

Read the bottom row of that table carefully. A three-child family earning \$75,000 faces a higher effective rate on *every kind of investment income* than someone earning \$400,000, six and a half points higher on ordinary income. Part of that gap comes from a second phase-out stacking on top of the first. The GST/HST credit (reborn in July 2026 as the Canada Groceries and Essentials Benefit, with amounts 25% richer) phases out at 5% of adjusted family net income above \$46,432 for the 2026–27 benefit year, and the richer credit carries a three-child family’s phase-out zone to \$78,272 — past the \$75,000 in the table above. Both programs are included in the table above and in the applicable family-income grids that follow. One more design detail with teeth: the grocery benefit’s phase-out band *widens* with family size: richer credits take more income to claw away, so a four-child family’s 5% zone runs to \$82,952 against a childless couple’s \$64,232, stacking deeper into the Child Benefit’s steepest range. Nor does dropping to \$60,000 buy relief: there the Child Benefit’s first-tier clawback is at its steepest, and the family pays an effective 52.5% on ordinary income, 26.3% on capital gains, and, once the gross-up has had its way, 40.5% on eligible dividends, against a top earner’s 34.3%. A household in the middle of the income distribution can face a higher marginal cost on investment income than a top-bracket earner. That is what targeted support looks like in arithmetic: a benefit aimed at families with children has to be withdrawn somewhere, and the withdrawal range is where the cost shows up. It is a design consequence rather than an error, and the only question this article asks about it is what a family should do in response.

The same family, run through every province and territory: the three-child household at \$75,000 out-taxes its own province’s top-bracket earner in twelve of the thirteen

jurisdictions. The effect peaks in Nova Scotia at 61.2% on the family's next ordinary dollar against a 54.0% top rate, with Prince Edward Island and Quebec barely gentler at 61.1% and 60.1%. Ontario is the photo finish: 53.65% against a 53.53% top rate, the family edging past the millionaire by twelve basis points. The lone exception left standing is British Columbia, where a 53.5% top rate outruns the family's 52.2%, the only place in Canada where the millionaire still pays more at the margin.

The stacking also means a family's effective rate is *not* a straight line in income. Because the clawback rate steps down when you cross from the first phase-out band into the second (\$82,847 for 2026), the drag on a two-child family's taxable account actually *falls* as income rises through that boundary.

## Winning strategy as a family's income and Child Benefit change

Two children · the best funding approach at each assumed annual return

Alberta · two children · single earner · 10% annual turnover · \$50,000 pool · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| RETURN | \$45K<br>22% BLENDED<br>MARGINAL RATE | \$75K<br>28% BLENDED<br>MARGINAL RATE | \$90K<br>22% BLENDED<br>MARGINAL RATE | \$130K<br>26% BLENDED<br>MARGINAL RATE | \$190K<br>31% BLENDED<br>MARGINAL RATE |
|--------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|
| 3%     | 12-Year                               | 12-Year                               | 13-Year                               | 12-Year                                | 11-Year                                |
| 4%     | 12-Year                               | 9-Year                                | 11-Year                               | 9-Year                                 | 8-Year                                 |
| 5%     | 10-Year                               | 8-Year                                | 10-Year                               | 8-Year                                 | 7-Year                                 |
| 6%     | 9-Year                                | 7-Year                                | 9-Year                                | 7-Year                                 | 6-Year                                 |
| 7%     | 8-Year                                | 7-Year                                | 8-Year                                | 6-Year                                 | 6-Year                                 |
| 8%     | 7-Year                                | 6-Year                                | 7-Year                                | 6-Year                                 | 5-Year                                 |
| 9%     | 7-Year                                | 5-Year                                | 6-Year                                | 5-Year                                 | 5-Year                                 |
| 10%    | 6-Year                                | 5-Year                                | 5-Year                                | 5-Year                                 | 4-Year                                 |

Two-child family, Alberta. Each column is a family net income, with its blended marginal rate on a 7% return beneath it, quoted at full capital gain realization. Highlighted = the winning fund differs from a top-bracket earner's. The \$190k column is where the clawback has lifted the family's effective rate to exactly the top marginal rate. Watch the blended marginal rate *fall* from 28% at \$75,000 to 22% at \$90,000 as the household crosses into the gentler second phase-out tier, and the optimal fund lengthen right back out, as though the family had grown poorer. At \$45,000 the family also collects the full \$2,000 Canada Learning Bond. It is paid into the RESP with no contribution required and is identical under every strategy, so it lifts that whole column without touching a winner.

Notice the Maximizer's territory on this table: there is none. Even its natural corner — low returns, modest income — belongs to the named long funds, helped by a grant most readers of this article will never see: the Additional CESG, a richer match on the first \$500 contributed each year (an extra 20% up to \$58,523 of family income, 10% up to \$117,045). At \$45,000 and 4% the twelve-year fund still wins, now by nineteen dollars — the clawback and Additional CESG holding the long end of the table even after the

column's income is priced the way a 4% portfolio pays. The heavier the family's effective drag, the sooner even the low-return cells flip to a long front-load, and Additional CESG, paid to exactly these families for exactly this patience, strengthens the case for the longer schedule. At \$190,000, where the clawback has pushed the family to top-bracket-equivalent rates, the Maximizer wins nothing at all.

Follow the blended marginal rates across the top: 28% at \$75,000, then 22% at \$90,000. Crossing into the second tier cut the clawback rate from 13.5% to 5.7%, and the family's effective rate dropped even though they earn more. The optimal funding schedule becomes longer as a result, moving right back out at \$90,000 as if the household had grown poorer. Earning your way *into* a higher income can lower the tax cost of your investments, a direct consequence of the two-tier phase-out and worth knowing if your income sits near the boundary.

One more wrinkle the rate card misses: your children's *ages*. The clawback rate depends only on how many children you have, but the benefit amount is larger for children under six (\$8,157 versus \$6,883), and a bigger benefit takes more income to claw away. Ages decide where the clawback *ends*. One school-age child's benefit is exhausted at \$200,356 of family income; a child under six carries it to \$240,169. So a \$220,000 family pays a 3.2-point surcharge on its investments with a child under six and nothing at all with a school-age one. That distinction is invisible at the incomes in the tables above and very visible to the high-earning parents of a newborn.

The same arithmetic applies at the other end of life. A grandparent considering a gift of non-registered money toward a grandchild's RESP should price the effect on their own income-tested benefits (OAS recovery tax, the age amount and, at lower incomes, the Guaranteed Income Supplement) because investment income held in a taxable account feeds those tests the same way it feeds the Child Benefit.

What does all of this do to the funding decision itself? Exactly what the rest of the article would predict. It is the same lever. The heavier the effective drag, the more it pays to move money out of the taxable account and into the shelter of the RESP: front-loading wins by a wider margin, and the Traditional Maximizer becomes less competitive. Here is that three-child, \$75,000 family:

## Three children, \$75k income

Alberta · three children · single earner · 10% annual turnover · \$50,000 pool · combined RESP + Non-Registered value at the end of age 18 · income character follows the return's implied portfolio (see the return breakdown table)

| STRATEGY                                                              | 3%            | 4%             | 5%             | 6%             | 7%             | 8%             | 9%             | 10%            |
|-----------------------------------------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>\$50K LUMP SUM (1 YR)</b><br>\$50K IN ONE YEAR                     | 88,640        | 106,501        | 127,737        | 152,944        | 182,815        | 218,159        | 259,911        | 309,159        |
| <b>2-YEAR FUNDING</b><br>\$47.5K, THEN \$2,500/YR × 1                 | 89,492        | 107,482        | 128,879        | 154,272        | 184,350        | 219,917        | 261,918        | 311,443        |
| <b>3-YEAR FUNDING</b><br>\$45K, THEN \$2,500/YR × 2                   | 90,236        | 108,293        | 129,788        | 155,288        | 185,470        | 221,118        | 263,192        | 312,773        |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | 90,875        | 108,943        | 130,479        | 156,015        | 186,209        | 221,817        | 263,809        | <b>313,259</b> |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | 91,414        | 109,438        | 130,963        | 156,474        | 186,600        | <b>222,059</b> | <b>263,840</b> | 312,998        |
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | 91,856        | 109,786        | 131,255        | <b>156,685</b> | <b>186,673</b> | 221,890        | 263,345        | 312,075        |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | 92,204        | 109,995        | <b>131,364</b> | 156,665        | 186,454        | 221,347        | 262,378        | 310,563        |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | 92,461        | <b>110,070</b> | 131,303        | 156,432        | 185,967        | 220,465        | 260,989        | 308,531        |
| <b>9-YEAR FUNDING</b><br>\$30K, THEN \$2,500/YR × 8                   | 92,632        | 110,018        | 131,082        | 156,000        | 185,235        | 219,276        | 259,221        | 306,036        |
| <b>10-YEAR FUNDING</b><br>\$27.5K, THEN \$2,500/YR × 9                | 92,719        | 109,845        | 130,710        | 155,386        | 184,279        | 217,810        | 257,113        | 303,132        |
| <b>11-YEAR FUNDING</b><br>\$25K, THEN \$2,500/YR × 10                 | <b>92,725</b> | 109,558        | 130,197        | 154,600        | 183,117        | 216,091        | 254,701        | 299,863        |
| <b>12-YEAR FUNDING</b><br>\$22.5K, THEN \$2,500/YR × 11               | 92,653        | 109,161        | 129,551        | 153,658        | 181,767        | 214,145        | 252,017        | 296,273        |
| <b>13-YEAR FUNDING</b><br>\$20K, THEN \$2,500/YR × 12                 | 92,506        | 108,659        | 128,781        | 152,569        | 180,244        | 211,992        | 249,089        | 292,397        |
| <b>14-YEAR FUNDING</b><br>\$17.5K, THEN \$2,500/YR × 13               | 91,689        | 107,427        | 127,224        | 150,635        | 177,814        | 208,860        | 245,105        | 287,383        |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | 91,319        | 106,881        | 126,544        | 149,801        | 176,776        | 207,534        | 243,430        | 285,288        |
| <b>\$2,500 / YEAR</b><br>\$2,500 EVERY YEAR × 19                      | 85,444        | 98,357         | 116,083        | 137,116        | 161,147        | 187,736        | 218,611        | 254,441        |

Three children, \$75,000 of family income, Alberta. Combined RESP + Non-Registered value at the end of age 18; highlighted cell wins at that return. The effective drag here is 19.9%, heavier than the 17.1% a top-bracket Albertan carries, so the short, front-loaded funds take the lead sooner and the do-nothing baseline falls furthest behind.

The shape is familiar, just pushed harder, and this family delivers the section's quiet upset. The Maximizer doesn't win *anything* here, not even 3%: the eleven-year fund beats it by \$1,406 at the bottom of the range, three times the \$474 gap in the top-bracket grid. Additional CESG, which this family earns in every contributing year, widens the gap the clawback opened. The ladder here nearly mirrors the top-bracket case: the clawback pushes shorter, Additional CESG pulls longer, and the two almost cancel, while the do-nothing baseline, which leaves the most money sitting in the taxable account collecting clawback, falls furthest of all.

The practical reading is almost the reverse of what you'd expect. The families with the *most* reason to move money out of a taxable account and into an RESP (the ones for whom front-loading matters most) aren't the wealthy. They're the moderate-income households with two or three kids, the ones who would never call themselves high-rate taxpayers, quietly losing Child Benefit on every dollar their non-registered account earns. When a grandparent hands over \$50,000 for the kids (the case the grandparent section takes up), or an inheritance lands, in the scenarios tested, slower contribution schedules generally produced lower outcomes. Get it into the RESP.

There is one assumption in these grids I should put on the table, because it flatters the fast strategies. Every cell holds the family's effective rate constant for eighteen years, but a real family's Child Benefit status is a moving target. Children age from the under-six benefit to the 6–17 benefit and then out of the program entirely; a raise can push family income across a tier boundary; another child can arrive mid-plan. Played forward year by year, the direction of the bias is consistent: *the clawback drag fades over time*, so the constant-rate grids *understate* the patient strategies. For a family whose three kids are already 8, 10, and 12, the Child Benefit clawback runs 19% → 13.5% → 7% → zero as each child ages out (and the grocery-benefit clawback goes with them: at \$75,000 a couple with no children sits past their own credit's phase-out, so that 5% layer disappears entirely), and pricing that honestly lifts the Maximizer by \$3,617 at a 7% return while lifting the four-year fund by under \$200, enough to shift each crossover about one rung back toward slower funding (and, at the bottom of the range, toward the longest funds and the Maximizer). For the family this article opened with, a newborn who remains benefit-eligible for the full eighteen years, the constant assumption is close to right, and the grids stand. But if your children are older, read the tables as the *pessimistic* case for patience.

One honest caveat: I've assumed the family's income sits with a single earner, so the statutory bracket lines up cleanly with the income. Splitting the same income across two spouses changes more than you'd think. The Child Benefit clawback doesn't move because it is set by family income, but the statutory rate falls to the *lower* bracket of whichever spouse holds the taxable account, and the combined effect is material: the three-child \$75,000 household's effective rate drops from 54.5% as a single earner to 46.0% split \$50,000/\$25,000; the statutory piece falls to the 22% bracket while both clawbacks, set by family income, stay exactly where they were. More than half of that 46% is now benefit clawback rather than income tax, but the lower total drag still genuinely weakens the urgency of front-loading, enough to shift the answer a rung toward patience in parts of the grid. If you're the dual-earner version of these families, your answer sits a notch to the patient side of every table in this section.

## What if you don't have \$50,000?

Everything above assumes a family with the full \$50,000 available. Most families don't, so it is worth being clear about where this analysis applies and where it stops.

Above \$50,000 there is nothing to decide: run the same grids at a \$75,000 or \$110,000 pool and the winner map is *identical*, because only the first \$50,000 can go into an RESP at all. Whatever is left simply stays in the taxable account, and the funding schedule is the one this article already names.

Below \$50,000 the answer changes, and it changes fast. Front-loading matters when the amount available exceeds what can earn CESG through regular \$2,500 annual contributions. As the available pool gets smaller, less capital needs to be sheltered early, so longer funding schedules become more competitive. At \$40,000 the winners have already slid out to the ten- to fourteen-year funds and the Traditional Maximizer, and the best schedule beats simply dripping by \$15,871 at a 7% return. At \$35,000 it is \$10,049. At \$30,000, \$4,126. And at \$25,000 (ten years of \$2,500, enough for every dollar in the pool to attract the basic 20% grant), the drip becomes the winner outright at every return up to 8%, and the acceleration advantage is zero. There is no surplus left to shelter, so there is nothing to optimize.

The practical rule: if you have \$50,000 or more, the funding ranges developed in this article apply. Between roughly \$30,000 and \$50,000, lean toward the long funds, ten years and out, and expect the gains to be smaller than the tables above. Below about \$25,000, contribute \$2,500 a year, collect every grant dollar, and put the question down; the schedule is no longer worth optimizing. And if a grandparent's gift or an inheritance moves you across that line, the decision moves with it.

## What if you're starting years after birth?

The other assumption worth testing is the child's age. Every schedule in this article starts at birth; our research did not. The results for a plan opened between ages seven and twelve are clear: don't let decision paralysis delay you: simply get started. Landing on the second-best schedule rather than the winning one made a difference of only \$204 in our analysis, while each year of delay costs \$6,300 to \$7,900 before the grant timeline runs out.

## Starting late: what wins, and how often

Opening a plan from scratch at each age, with the full \$50,000 still available and CESG carry-forward room accumulated since birth

520 cases per age — thirteen jurisdictions × five family incomes × eight return assumptions · nothing saved to date · 10% annual turnover · follow-on years run at \$5,000 to draw the doubled \$1,000 grant while carry-forward room lasts

| AGE AT START | BEST SCHEDULE                        | CESG IT COLLECTS | HOW OFTEN IT WINS | RUNNER-UP | ITS SHARE | MEDIAN COST OF THE RUNNER-UP |
|--------------|--------------------------------------|------------------|-------------------|-----------|-----------|------------------------------|
| AGE 7        | 7-Year<br>\$20k, then \$5,000/yr × 6 | \$7,000          | 66%               | 6-Year    | 25%       | \$200                        |
| AGE 8        | 7-Year<br>\$20k, then \$5,000/yr × 6 | \$7,000          | 68%               | 6-Year    | 26%       | \$191                        |
| AGE 9        | 7-Year<br>\$20k, then \$5,000/yr × 6 | \$7,000          | 72%               | 6-Year    | 23%       | \$178                        |
| AGE 10       | 7-Year<br>\$20k, then \$5,000/yr × 6 | \$7,000          | 75%               | 6-Year    | 20%       | \$173                        |
| AGE 11       | 7-Year<br>\$20k, then \$5,000/yr × 6 | \$7,000          | 79%               | 6-Year    | 18%       | \$209                        |
| AGE 12       | 6-Year<br>\$25k, then \$5,000/yr × 5 | \$6,000          | 99%               | 5-Year    | 1%        | \$279                        |

Note the schedules: a late start doesn't pace at \$2,500 a year. Carry-forward room lets each follow-on year take \$5,000 and draw *two* years of basic grant (\$1,000 instead of \$500), so the winning schedules front-load the non-grant money and then run \$5,000 a year until the room is gone.

That deadline is sharper than the folklore, too. The last age at which it remains *possible* to capture the full basic CESG is 10 for basic-grant families and 11 where Additional CESG applies, though even then the best schedule voluntarily leaves the final \$200 uncollected, because compressing the contributions is worth more than completing the grant. So the short answer for a later start is the seven-year fund until the runway gets too short for it, and the shorter answer is that the schedule matters far less than the starting. The late-start problem is its own analysis, and it will get its own article.

## What if you already have an RESP?

Up until now, we've started everything at birth. However, most parents reading this are standing somewhere in the middle: the RESP is open, some money is in, some grant has been paid, maybe you already started at \$16,500 and are wondering if you should accelerate further, or not. Maybe life got expensive and you've missed a few years of contributions. The question is not *which schedule should you have picked*; it is *how do you finish funding from here?* The goal is still to optimize, and three numbers are now running the show: the contribution room you have left (the \$50,000 lifetime limit minus what is already in), the grant room you have left (the \$7,200 CESG lifetime

minus what has been paid), and the years remaining before the end of age 17 shuts the grant window.

The grant rules set the arithmetic. CESG pays 20% on the first \$2,500 you contribute each year (\$500), and if you’ve missed years, the years to come let you catch up one missed year at a time: contribute \$5,000 and collect \$1,000, this year’s \$500 plus one missed year’s \$500. That \$1,000 is the most the basic grant will pay in any single year, no matter how much you deposit. So every way of finishing over several years has the same shape: put the extra in up front, then keep contributing \$5,000 a year until the missed years are caught up, and \$2,500 a year after that. Put everything in at once instead, and you collect that \$1,000 exactly once; with nothing left to contribute, no grant ever arrives again, and every remaining grant dollar is forfeited. That asymmetry is the main counterweight to compounding in what follows.

Four families, same ground rules as everywhere else in this article: Alberta, top marginal rates, 10% turnover, measured at the end of age 18. Only their starting positions differ.

A family that has contributed \$2,500 per year

Child is 7 · \$2,500 every year so far (\$17,500 in, \$3,500 of CESG paid) · RESP balance \$26,000 · \$32,500 of room left, cash in hand · no missed grant years

| RETURN | BEST COMPLETION | VALUE AT 18 | MARGIN | COST OF ALL-AT-ONCE |
|--------|-----------------|-------------|--------|---------------------|
| 3%     | 7-Year          | \$86,851    | \$125  | \$2,731             |
| 4%     | 7-Year          | \$97,042    | \$192  | \$2,581             |
| 5%     | 7-Year          | \$108,568   | \$147  | \$2,612             |
| 6%     | 7-Year          | \$121,355   | \$96   | \$2,635             |
| 7%     | 7-Year          | \$135,457   | \$19   | \$2,578             |
| 8%     | 6-Year          | \$151,037   | \$67   | \$2,465             |
| 9%     | 5-Year          | \$168,319   | \$47   | \$2,372             |
| 10%    | 5-Year          | \$187,479   | \$81   | \$2,312             |

For the family that has contributed \$2,500 every year since birth, the answer is the article’s answer, restarted: a five-to-seven-year completion wins at every return, shortening as returns rise. Putting the whole \$32,500 in today means collecting this year’s \$500 grant and then no more; the \$3,200 of grants still on the table never arrives. Net of the extra compounding a lump buys, that choice costs \$2,635 at the central return.

## Started strong, took four years off

Child is 7 · funded for three years, then four years off (\$7,500 in, \$1,500 of CESG paid) · RESP balance \$11,000 · \$42,500 of room left · \$2,500 of grant room banked from the missed years

| RETURN | BEST COMPLETION | VALUE AT 18 | MARGIN | COST OF ALL-AT-ONCE |
|--------|-----------------|-------------|--------|---------------------|
| 3%     | 7-Year          | \$82,115    | \$125  | \$4,411             |
| 4%     | 7-Year          | \$91,572    | \$192  | \$4,316             |
| 5%     | 7-Year          | \$102,335   | \$146  | \$4,461             |
| 6%     | 7-Year          | \$114,270   | \$96   | \$4,605             |
| 7%     | 7-Year          | \$127,397   | \$20   | \$4,653             |
| 8%     | 6-Year          | \$141,845   | \$67   | \$4,605             |
| 9%     | 5-Year          | \$157,854   | \$46   | \$4,564             |
| 10%    | 5-Year          | \$175,587   | \$81   | \$4,543             |

Four missed years have banked \$2,500 of unclaimed grant room here, and that changes the payoff of every path. The five-, six- and seven-year finishes, the schedules that win this table, collect \$4,500 to \$5,500 of CESG. Putting the whole \$42,500 in today collects \$1,000, and the grants end there: \$4,700 that was still available never arrives.

Compounding does not close that gap: the single deposit finishes \$4,605 behind at 6%, and is still \$4,496 behind at a 12% return. At \$75,000 of family income the pattern is unchanged. And the point is not that six years happens to win for this family. It is that a partly funded RESP can have an unusually robust completion schedule, one that stays very close to the best result across a wide range of returns and simulated markets: here, a single schedule is never more than \$285 behind the best outcome at any return from 3% to 10%, and nothing else is close (the next best worst-case is \$599). Funding from birth never gets that tight. Even its safest single pick can trail by \$1,023 in the wrong return column. Random markets say the same thing: across the same 5,000 simulated equity paths as the random-returns section, the six-year finish lands within \$1,000 of that path's best schedule in 79% of markets, with a median shortfall of \$394; from birth, those numbers are 45% and \$1,209. The work is simply figuring out which schedule is yours.

## Three years into the Traditional Maximizer

Child is 3 · started the Traditional Maximizer at birth — \$16,500, then \$2,500 a year (\$21,500 in, \$1,500 of CESG paid) · RESP balance \$27,000 · \$28,500 of room left · sixteen years to the finish · no missed grant years

| RETURN     | BEST COMPLETION | VALUE AT 18 | MARGIN | COST OF ALL-AT-ONCE |
|------------|-----------------|-------------|--------|---------------------|
| <b>3%</b>  | <b>11-Year</b>  | \$93,396    | \$13   | \$3,532             |
| <b>4%</b>  | <b>8-Year</b>   | \$107,885   | \$9    | \$2,998             |
| <b>5%</b>  | <b>8-Year</b>   | \$125,238   | \$1    | \$2,997             |
| <b>6%</b>  | <b>7-Year</b>   | \$145,328   | \$49   | \$3,068             |
| <b>7%</b>  | <b>6-Year</b>   | \$168,414   | \$73   | \$3,093             |
| <b>8%</b>  | <b>5-Year</b>   | \$194,872   | \$23   | \$3,019             |
| <b>9%</b>  | <b>5-Year</b>   | \$225,360   | \$126  | \$3,023             |
| <b>10%</b> | <b>4-Year</b>   | \$260,324   | \$47   | \$3,006             |

This family followed the famous advice to the letter: \$16,500 at birth, \$2,500 a year since, and now, three years in, the question is whether to keep going as planned or put more in. The table's answer: continuing at \$2,500 a year was not the highest-value outcome under any of the return assumptions tested, and the cost of staying the course grows with the market: \$13 behind at 3%, \$2,408 at 7%, \$8,527 at 10%. Random markets sharpen that rather than soften it. The drip wins more individual paths than any single alternative, 19% of 5,000, mostly in the weak markets where its full \$5,700 of grants matters most. But it lands within \$1,000 of the best in only 36%, with a median cost of \$2,380 and more than \$13,393 left behind in the strongest tenth of markets. A six-year finish from here (\$16,000 now, then \$2,500 a year) knowingly trades \$2,700 of grants for compounding, is never more than \$821 off the best at any constant return, and holds a median shortfall of \$906 across the same random paths. Three years into the Maximizer, the answer is this article's answer again: front-load more. And the answer does not count down as the years pass. Run the same family at four years in, five, six, seven, eight: the safest pick is **six years from wherever they now stand**, every time, with less and less at stake as the room shrinks (a worst case of \$821 at three years in falls to \$133 at eight). Only at nine years in does the recommendation finally flip — not to a shorter front-load, but to the plan they were already on: with the remaining room down to what \$2,500 a year can place before the grant window closes, just keep going.

## Grants done: the \$7,200 is fully captured

Child is 15 · steady funding plus top-ups captured the full \$7,200 of CESG (\$36,000 contributed) · RESP balance \$62,000 · \$14,000 of room left · no grant room remains

| RETURN | BEST COMPLETION | VALUE AT 18 | MARGIN |
|--------|-----------------|-------------|--------|
| 3%     | Lump            | \$85,539    | \$41   |
| 4%     | Lump            | \$88,909    | \$54   |
| 5%     | Lump            | \$92,378    | \$59   |
| 6%     | Lump            | \$95,948    | \$65   |
| 7%     | Lump            | \$99,620    | \$72   |
| 8%     | Lump            | \$103,397   | \$84   |
| 9%     | Lump            | \$107,280   | \$95   |
| 10%    | Lump            | \$111,272   | \$108  |

On the age-18 accumulation measure used in this section, putting the remaining room in at once is the clear winner for this family. With no grant left to collect (the grant column reads zero for every option), the single deposit sweeps all eight return assumptions and all 5,000 simulated paths, and a 25% decline arriving in any year tested leaves the single deposit ahead of every competing schedule, even when the comparison schedule is chosen with perfect foresight of the crash. Once the grant window has closed, by money or by calendar, faster funding generally dominates the age-18 accumulation comparison, provided the additional RESP wealth is expected to be used or settled efficiently. The finish-line section later in this article tests the separate question of whether that age-18 winner remains best once withdrawals and the plan's wind-up are included.

So the completion question turns on one number before any other: how much grant room is left. If some remains, finish over a handful of years: the exact winner runs 7 to 11 years when returns are low and 4 to 6 when they are high, with the \$5,000 catch-up years clearing any backlog either way. And if you must pick one schedule without knowing returns, pick six: across these positions it is never more than \$821 behind the best at any constant return from 3% to 10%, and in simulated markets centered on 7% and on 5% alike its median shortfall stays between \$183 and \$906. A deterministic crash does not move the pick either: under the same test used earlier (a 25% decline, a two-year recovery and a \$10,000 funding cushion), rolled through every year of every horizon, six years is never more than \$1,390 behind the best crash-aware choice, with every plan completing. If none remains, put the rest in now. And notice what happened to the return columns along the way: the closer a family gets to the finish, the more the results converge on a single strategy. Nineteen years out, the safest single pick can trail the best by \$1,023; sixteen years out, \$821; twelve years out, \$285; and four years out, every return assumption produces the same winner. From-birth funding does not converge on a single answer in the same way; completion does. The companion calculator lets you price your actual position (balance, grants paid and room left) rather than relying on these four stand-ins.

## What if a grandparent funds the plan?

The clawback section's logic has an extreme case, and it is sitting at Sunday dinner. A grandparent holding \$50,000 "for the kids" faces the same arithmetic as the \$60,000 household income family — except the waiting dollars bleed OAS recovery tax and, for lower-income seniors, GIS, at rates that make the Child Benefit look gentle. The grandparent question gets a study of its own: 572 cases across every province and territory, eleven levels of grandparent income excluding OAS, from \$20,000 to \$350,000, and a grandchild aged 0, 4, 8 or 12. The grandparent is 70, single and collecting OAS, with GIS included where the income allows, and nothing has previously been contributed for the grandchild. Each case tests gift-now against hold-and-bequeath at the article's 7% return.

The result is consistent across the whole grid: where the grandchild attends school, the best RESP funding strategy beats holding and bequeathing in every one of the 572 cases. The smallest advantage within each grandchild age is \$30,641 for a newborn, \$24,671 at four, \$17,440 at eight and \$11,094 at twelve. Moving money into the RESP collects grants and takes future investment income out of the grandparent's taxable account.

That conclusion does not depend on forcing a final realization of the taxable account. Remove that realization from the keep arm entirely and the gift still wins in all 572 cases, by at least \$9,912. Student tax does not overturn it either: it would take a flat rate above 35% on the plan's taxable withdrawals before the hold-and-bequeath strategy caught up in even one case. For a newborn, the median break-even rate is 50%. By comparison, a separate four-year withdrawal test with no tuition credits produced a median effective student tax rate of about 10.5%, with provincial medians ranging from about 9% to 13%.

The twist is that the grandparent's best funding timeline is not the parent's, and it does not move in only one direction. Read down the income column and the pattern bends twice: the schedule is short where GIS is being clawed back, lengthens through the lower-drag middle, shortens again as OAS recovery tax takes over, and settles around six to seven years once only tax remains. The grandchild's age adds a second axis. An older grandchild has unused grant room, which changes the shape of the schedule: it paces at \$5,000 a year while the room lasts. By age eight, the best all-around schedule is six or seven years at every income shown; by twelve, it is six years across the table. Each cell of the exhibit carries two numbers: the best all-around gift schedule, meaning the single schedule that comes closest on average to the best result across all thirteen jurisdictions, and its advantage, meaning how much more the family has at the end of age 18 by gifting on that schedule than by holding the money, averaged across the thirteen.

## How the grandparent's income and the grandchild's age move the answer

The best all-around gift schedule, and the advantage of gifting over holding, in dollars at the end of age 18

572 cases · all 13 jurisdictions · grandparent age 70 · income excluding OAS, \$20,000–\$350,000 · grandchild age 0, 4, 8 or 12 · attends school · 7% return · 10% turnover

| INCOME           | AGE 0<br>SCHEDULE · ADVANTAGE | AGE 4<br>SCHEDULE · ADVANTAGE | AGE 8<br>SCHEDULE · ADVANTAGE | AGE 12<br>SCHEDULE · ADVANTAGE |
|------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| <b>\$20,000</b>  | 6-Year<br>\$64k               | 6-Year<br>\$46k               | 6-Year<br>\$30k               | 6-Year<br>\$17k                |
| <b>\$25,000</b>  | 11-Year<br>\$36k              | 9-Year<br>\$28k               | 7-Year<br>\$20k               | 6-Year<br>\$12k                |
| <b>\$45,000</b>  | 11-Year<br>\$38k              | 9-Year<br>\$30k               | 7-Year<br>\$20k               | 6-Year<br>\$13k                |
| <b>\$70,000</b>  | 8-Year<br>\$46k               | 9-Year<br>\$35k               | 7-Year<br>\$23k               | 6-Year<br>\$14k                |
| <b>\$100,000</b> | 7-Year<br>\$57k               | 7-Year<br>\$41k               | 7-Year<br>\$27k               | 6-Year<br>\$16k                |
| <b>\$120,000</b> | 6-Year<br>\$64k               | 6-Year<br>\$45k               | 6-Year<br>\$29k               | 6-Year<br>\$17k                |
| <b>\$150,000</b> | 6-Year<br>\$55k               | 7-Year<br>\$40k               | 7-Year<br>\$26k               | 6-Year<br>\$15k                |
| <b>\$200,000</b> | 7-Year<br>\$57k               | 7-Year<br>\$41k               | 7-Year<br>\$27k               | 6-Year<br>\$16k                |
| <b>\$250,000</b> | 7-Year<br>\$57k               | 7-Year<br>\$41k               | 7-Year<br>\$27k               | 6-Year<br>\$16k                |
| <b>\$300,000</b> | 6-Year<br>\$61k               | 7-Year<br>\$44k               | 6-Year<br>\$28k               | 6-Year<br>\$17k                |
| <b>\$350,000</b> | 6-Year<br>\$61k               | 7-Year<br>\$44k               | 6-Year<br>\$28k               | 6-Year<br>\$17k                |

Each cell holds thirteen cases, one per jurisdiction, and shows the schedule above its advantage. Schedule: the single choice with the lowest average shortfall from the best result across the thirteen cases. Advantage: the gift arm's value less the keep arm's at the end of age 18, with the keep arm's taxable account assumed realized in the final year, shown as the mean of the thirteen rounded to the nearest \$1,000, which is why the \$200,000 and \$250,000 rows coincide; the \$300,000 and \$350,000 rows are identical before rounding, because no jurisdiction has a bracket boundary between them. Modelled comparisons under the stated assumptions, not individual recommendations.

Start with the newborn column. The pattern bends twice. At \$20,000, GIS is still in play, so the Supplement can take fifty cents of the next dollar of investment income. That pushes the best all-around gift schedule down to six years. Once GIS is gone, the toll falls sharply and the schedule lengthens through the lower-drag middle, reaching eleven years at \$25,000 and \$45,000. OAS recovery begins to matter around the \$100,000 row and shortens it again. Above the recovery range only tax remains, and the answer settles at six or seven years.

Now read the \$25,000 row across. That grandparent has \$25,000 of income fully counted for GIS purposes, already beyond the Supplement's \$22,800 cutoff, so there is no GIS left to claw back and the best all-around answer for a newborn stretches to eleven years. Give the same grandparent a four-year-old and it is nine; at eight, seven; at twelve, six. Same grandparent, same income, and a different schedule at every age.

The reason is the catch-up rule from the previous section. An older grandchild has unused CESG room from the years nothing was contributed, so \$5,000 in a year can draw \$1,000 of basic grant instead of \$500. The older-start schedules therefore put less in up front, but follow with larger \$5,000 catch-up contributions while unused grant room remains. The eight and twelve columns barely move with income because the remaining grant window constrains the schedule much more tightly than the tax trade. At four, the catch-up room is smaller and income still has more influence on the answer, which is why the labelled schedule there can be a rung longer than a newborn's even though each paced contribution is twice the size.

Nine of the sixteen gift schedules win somewhere, and the six- and seven-year funds win 469 of the 572 cases between them. The day-one lump never wins, and neither do the two-, three- and four-year funds or the \$2,500-a-year drip, all of which are available in every case. The drip's result at eight and twelve is not a like-for-like comparison, since it places only \$27,500 and \$17,500 of the \$50,000 by the end of age 18. The fourteen-year fund and the Traditional Maximizer never win either, though they exist only in the newborn and age-4 columns, where the horizon is long enough to run them. One boundary sits beyond the table. CESG is paid on contributions at ages 16 and 17 only if, by the end of the year the child turned 15, either at least \$2,000 had been contributed for the child and not withdrawn, or at least \$100 a year had been contributed and not withdrawn in any four earlier years. A child who reaches 16 without satisfying either condition is no longer eligible for CESG on contributions made at 16 or 17, and with that goes the grant-based reason for pacing. Wherever the grant remains available, as it does in every case shown here, some degree of pacing wins. Quebec remains the patience outlier where there is time for it to pay: typically two rungs slower than the rest of Canada for a newborn or a four-year-old, because QESI pays for waiting, a rung at most by eight, and no different at twelve, where the grant window sets the schedule for everyone.

The advantage falls as the grandchild gets older, because there is less time for tax and clawbacks to accumulate on the held money and less grant left to collect. At the median it is \$56,736 for a newborn, \$40,957 at four, \$26,455 at eight and \$15,834 at twelve; the largest in the grid is \$73,184, a Quebec grandparent at \$120,000 with a newborn, where QESI adds a second grant to the gift, and the smallest the \$11,094 already noted.

The assumed final realization of the taxable account is part of that advantage. Remove it from the keep arm and the median advantage falls by about 12% for a newborn and 18% at twelve, and the gift still wins every case. It works in the gift's favour, because the kept money carries more unrealized gain outside the RESP. The tables nevertheless include it, because those gains have been deferred, not eliminated; letting them stay permanently untaxed would distort the comparison the other way.

Expressed as a multiple rather than in dollars, the pattern is the same. By the end of age 18, a dollar gifted for a newborn is worth about 1.43 times a dollar kept and later bequeathed, at the median. That falls to 1.39 at four, 1.31 at eight and 1.22 at twelve. Across the full grid the range runs from 1.14 to 1.62.

One honest boundary: all of this assumes the grandchild goes to school. The no-school branch — who subscribes, what happens to the grants and how the accumulated income exits — is a different problem with its own architecture. Within the cases tested here, holding and bequeathing never emerged as the better choice in any of the 572.

## What if all of this happens at once?

For the parent-funded cases, most of the tests above isolate one variable at a time. That is how you learn what each one is worth, but it is not how anyone lives: a family has a province *and* an income *and* a number of children *and* a trading habit, all at the same time. The fair worry is that stacking them might land somewhere far from any table here. So the last test stacks them deliberately: every variable pushed the same way, in both directions at once.

### Three families, every variable stacked

What happens when province, income, family size and trading habits all pull the same way at once

\$50,000 pool · single earner · child born at the start of year 0 · 7% expected return · combined RESP + Non-Registered value at the end of age 18

| FAMILY                                                    | STATUTORY + CLAWBACK | MARGINAL RATE ON ORDINARY INCOME | EFFECTIVE DRAG AT 7% | BEST SCHEDULE | ITS VALUE |
|-----------------------------------------------------------|----------------------|----------------------------------|----------------------|---------------|-----------|
| NOVA SCOTIA · \$400,000 · ONE CHILD · TRADES EVERY YEAR   | 54% + 0%             | 54%                              | 35.2%                | 5-Year        | 185,635   |
| ONTARIO · \$130,000 · TWO CHILDREN · HALF-YEARLY TURNOVER | 43.4% + 5.7%         | 49.1%                            | 23.5%                | 5-Year        | 185,939   |
| SASKATCHEWAN · \$60,000 · THREE CHILDREN · NEVER SELLS    | 33% + 24%            | 57%                              | 18.7%                | 6-Year        | 186,706   |

The first family faces the heaviest statutory tax in the country and realizes every gain annually; the third faces lighter provincial tax, the deepest benefit clawbacks, and never sells. Their optimal schedules sit one rung apart.

The two extremes are as far apart as this article’s inputs allow: the heaviest statutory tax rate in the country against a lighter one, a top-bracket income against a modest one, one child against three, and a portfolio that realizes every gain each year against one that never sells. Their effective drag differs by more than sixteen points: 35.2%

against 18.7%. Their answers differ by one rung: the five-year fund against the six-year, finishing \$185,635 and \$186,706, a spread of \$1,071 on \$50,000 across nineteen years.

Two forces do that compression, and the article has already met both. The first is the clawback. The low-income family's *marginal* rate on ordinary investment income is 57%, above the top-bracket family's 54%, because the benefits withdrawn as their income rises act exactly like a tax bracket. A lower income does not mean a lighter drag; it means a different mix of statutory tax and withdrawn benefit. The second is that the remaining variables pull opposite ways: heavier tax argues for sheltering sooner, lighter trading argues for leaving money outside a little longer. Stack them and they largely cancel.

Hand all three families the same six-year fund (ignoring their province, income, children and trading entirely), and it costs the first \$150, the second \$5, and the third nothing at all. Hand all three the Traditional Maximizer instead and it costs \$11,313, \$9,181 and \$9,410. Every variable in this article is worth understanding, and all of them together are worth a fraction of the decision to front-load at all.

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*Hand all three families the same six-year fund (ignoring their province, income, children and trading entirely), and it costs the first \$150, the second \$5, and the third nothing at all. Hand all three the Traditional Maximizer instead and it costs \$11,313, \$9,181 and \$9,410.*

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## IV | Monte Carlo and volatility

### What if returns are random and not in a straight line?

Every figure so far (every grid, every crash, every stacked family) runs on a stated path. Real returns do not follow a fixed annual path, so the final stress test replaces the straight-line assumption with 5,000 simulated market paths, the same paths applied to every strategy so each comparison is paired rather than lucky, and one deliberate choice about volatility. A 7% expected return is not a balanced portfolio's return; it is an equity investor's. We therefore use the 13.4% annual standard deviation associated with the all-equity mix rather than the lower 8.3% volatility of a balanced portfolio. Using balanced-portfolio volatility with an equity return assumption would understate the variability of outcomes. On those same published assumptions an all-equity portfolio is expected to return 6.6%; the 7% used throughout this article is that figure locked to the nearest whole percentage. Two notes on how that rate enters the simulation. It is treated as a *geometric* expectation: we moment-match the paths so that they compound at 7% over the period rather than averaging 7% year by year, which is consistent with treating 7% as a geometric return assumption. And we derived the 13.4% portfolio standard deviation from published asset-class volatility data at the stated all-equity weights; it is not an FP Canada prescribed assumption. The guidelines give asset-class returns and expect the planner to supply a forward-looking volatility.

## When returns arrive unevenly

Every strategy across 5,000 simulated market paths: how often each finishes first, how often it beats each of the three named alternatives, and what it lands on in poor, typical, and strong markets

Alberta · top marginal rates · 10% annual turnover · \$50,000 pool · single child born at the start of year 0 · 7% expected return · 13.37% all-equity standard deviation · 5,000 paired lognormal paths, seed 1000000

| STRATEGY                                                              | FINISHES FIRST | WITHIN \$1,000 OF WINNER | BEATS \$2,500 / YR | BEATS \$50K LUMP SUM | BEATS TRAD. MAX. | POOR MARKETS | TYPICAL | STRONG MARKETS | MEDIAN ADVANTAGE |
|-----------------------------------------------------------------------|----------------|--------------------------|--------------------|----------------------|------------------|--------------|---------|----------------|------------------|
| <b>\$50K LUMP SUM (1 YR)</b><br>\$50K IN ONE YEAR                     | 0%             | 7%                       | 87%                | —                    | 62%              | 92,330       | 180,832 | 366,313        | \$15,863         |
| <b>2-YEAR FUNDING</b><br>\$47.5K, THEN \$2,500/YR × 1                 | 6%             | 24%                      | 89%                | 99%                  | 66%              | 92,879       | 181,975 | 367,825        | \$17,205         |
| <b>3-YEAR FUNDING</b><br>\$45K, THEN \$2,500/YR × 2                   | 12%            | 38%                      | 91%                | 98%                  | 70%              | 93,495       | 183,163 | 368,688        | \$18,265         |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | 13%            | 47%                      | 92%                | 95%                  | 73%              | 93,992       | 184,141 | 370,358        | \$19,072         |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | 12%            | 48%                      | 94%                | 91%                  | 75%              | 94,480       | 184,492 | 369,834        | \$19,662         |
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | 10%            | 45%                      | 95%                | 86%                  | 78%              | 94,897       | 184,620 | 368,993        | \$19,736         |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | 8%             | 41%                      | 96%                | 79%                  | 80%              | 95,270       | 184,343 | 366,933        | \$19,586         |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | 7%             | 37%                      | 97%                | 73%                  | 81%              | 95,758       | 183,893 | 364,610        | \$19,371         |
| <b>9-YEAR FUNDING</b><br>\$30K, THEN \$2,500/YR × 8                   | 6%             | 34%                      | 98%                | 67%                  | 83%              | 95,998       | 183,742 | 362,174        | \$18,986         |
| <b>10-YEAR FUNDING</b><br>\$27.5K, THEN \$2,500/YR × 9                | 4%             | 30%                      | 98%                | 61%                  | 84%              | 96,109       | 183,115 | 358,734        | \$18,343         |
| <b>11-YEAR FUNDING</b><br>\$25K, THEN \$2,500/YR × 10                 | 4%             | 29%                      | 98%                | 55%                  | 86%              | 96,151       | 182,083 | 355,565        | \$17,408         |
| <b>12-YEAR FUNDING</b><br>\$22.5K, THEN \$2,500/YR × 11               | 3%             | 27%                      | 99%                | 50%                  | 87%              | 96,289       | 181,147 | 351,160        | \$16,383         |
| <b>13-YEAR FUNDING</b><br>\$20K, THEN \$2,500/YR × 12                 | 3%             | 24%                      | 99%                | 46%                  | 88%              | 96,450       | 179,956 | 347,090        | \$15,259         |
| <b>14-YEAR FUNDING</b><br>\$17.5K, THEN \$2,500/YR × 13               | 3%             | 21%                      | 99%                | 40%                  | 90%              | 96,230       | 178,552 | 342,279        | \$13,924         |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | 9%             | 19%                      | 99%                | 38%                  | —                | 96,175       | 178,008 | 340,275        | \$13,341         |
| <b>\$2,500 / YEAR</b><br>\$2,500 EVERY YEAR × 19                      | 1%             | 2%                       | —                  | 13%                  | 1%               | 91,311       | 164,781 | 307,707        | —                |

“Poor”, “typical” and “strong” are the tenth, fiftieth and ninetieth percentiles of the 5,000 outcomes; “median advantage” is the typical margin over the \$2,500-a-year baseline. Identical paths are applied to every strategy, so every comparison is paired. “Within \$1,000 of winner” is the share of paths in which the schedule finishes within \$1,000 of that path’s best schedule, with a photo finish counted as a win.

Three things in that table are worth sitting with. First, the winner scatters. On a single tidy return the grid names one winner; across 5,000 real-looking futures no schedule finishes first more than 13% of the time. Front-loading still wins: the three- to eight-

year funds take 62% of all futures between them, but the idea that one row of the grid is *the* answer does not survive contact with volatility. The within-\$1,000 column carries the practical version: four-, five- and six-year funding each land within \$1,000 of that path's winner in 45–48% of futures; the answer is a band, not a bullseye.

Second, the two famous strategies fail differently, and both fail. The day-one lump sum finishes first in under 1% of futures; the Traditional Maximizer in 9%, and it earns those on the paths where markets disappoint, which is precisely when the least money has been sheltered. Read across the Maximizer's row instead: it beats the do-nothing baseline in 99% of futures, while the front-loaded schedules beat *it* in 66% to 90% of them. Its median advantage over doing nothing is \$13,341; the six-year fund's is \$19,736.

Third, and most useful to a family deciding what to actually do: look at the **poor-markets column**. In the bottom tenth of futures the six-year fund lands at \$94,897 and the Maximizer at \$96,175, putting the Maximizer genuinely ahead by \$1,278. That is the size of the safety the classic advice buys, and it is real. But in the typical future the six-year fund is \$6,612 ahead, and in strong markets \$28,718 ahead. You are paying roughly \$5 in the middle of the distribution for every dollar of protection at the bottom of it.

Volatility is an input, though, and so is the return that comes with it. A family holding 70% bonds faces neither an equity investor's distribution nor an equity investor's expectation. Running every investor mix at both of its own numbers (the table for that sits in the recommendation section, where it is more useful) produces a consistent picture: no mix crowns any single schedule in even one future in six, and the three- to eight-year funds take between 59% and 66% of them at every mix from defensive to all-equity. The Traditional Maximizer's share runs from effectively zero in the defensive world — its patient dollars sit in exactly the interest-heavy account the tax now bites — to 11% at all-equity, where a more chaotic world hands every plan more chances to get lucky. A strategy whose best showing is eleven futures in a hundred is not a default.

The population view closes it. This is the grid described at the outset: 4,160 household profiles, 2,000 market paths each and three portfolio worlds. Two details of it matter here. The 2,000 is a finding rather than a preference: at 500 paths a single profile's answer still moves when you change the random seed, at 2,000 it stops moving, and at 20,000 it moves no less. And each pass pairs a return with the volatility that portfolio actually produces and the income character it actually throws off (all-equity at 7% and 13.4%, balanced at 6% and 8.3%, defensive at 4% and 5.3%), so no result depends on a portfolio nobody holds. The income character is no longer a simplification: each pass taxes the waiting money on the mix it actually holds. The defensive world's 70% bond sleeve pays roughly 3.7% of interest a year, not an equity portfolio's dividend trickle, so we use the income character associated with each portfolio rather than applying the same income mix to every portfolio. Pricing that correctly raises the defensive world's annual drag on unsheltered dollars by nearly half, and it is why the defensive Maximizer all but disappears from the winner column. Every world runs twice, end to end, at independent seeds; the paired runs agree within 0.08 of a percentage point on every headline figure, and the strategy-class count agrees exactly.

## The same grid at three portfolio realities

Each pass pairs a return assumption with the volatility that portfolio actually produces and the income character it throws off

Figures are the 2,080 profiles with the full \$50,000 to deploy: thirteen jurisdictions × five family incomes (\$30,000–\$200,000) × single- and dual-earner versions × sixteen valid age-and-prior-saving states · seeds 20260729 and 8675309 · the complete 4,160-profile grid adds the \$25,000 pools, reported in the wider-lens paragraph below

| PORTFOLIO AND PAIRING                            | STRATEGY CLASS<br>FLIPS | GRID'S SCHEDULE BEATS<br>\$2,500 / YR | FAMILIES STARTING LATE WITH<br>NOTHING SAVED | WORST SINGLE<br>PROFILE |
|--------------------------------------------------|-------------------------|---------------------------------------|----------------------------------------------|-------------------------|
| <b>ALL EQUITY — 6.6% RETURN,<br/>13.4% SWING</b> | 0 of 2,080              | 97.7%                                 | 99.5%                                        | 55%                     |
| <b>BALANCED — 5.4% RETURN,<br/>8.3% SWING</b>    | 0 of 2,080              | 99.7%                                 | 100.0%                                       | 60%                     |
| <b>DEFENSIVE — 4.6% RETURN,<br/>5.3% SWING</b>   | 0 of 2,080              | 100.0%                                | 100.0%                                       | 69%                     |

More volatility lowers the win rate without changing the class of the answer.

Start with the second column, because it carries the whole finding: across all three portfolio realities and all 2,080 profiles matching this article's frame, the class of the answer held in all 6,240 runs and held again, in all 6,240, when we reran every world end to end at an independent seed. Front-loading stayed front-loading at every income, in every jurisdiction, at every starting age.

What volatility genuinely changes is the margin, not the direction. The winning schedule beats the \$2,500-a-year baseline in 100.0% of futures for a defensive portfolio and 97.7% for an all-equity one: more chop, slightly less certainty, same end of the ladder.

Widen the lens to the full grid, including the \$25,000 pools this article sets aside, and 269 of 24,960 runs do change class: 138 at one seed, 131 at the other. Every one of them sits at the smaller pool, and they flip in both directions across the same boundary the small-pool section drew. Below the line where front-loading has a surplus to shelter, volatility can genuinely change the answer either way. Above it, randomness widens the answer without reversing it.

## What is the cost of being wrong?

Every table in this article answers “what wins *here*.” The question readers might actually ask is different: *what if I'm wrong?* Let's quantify and answer that now. This article looks at 24 different cohorts: thirteen jurisdictions, five turnover variations from the 10% base, five income levels and the three-child household, each varied one at a time from the same base family. It puts each of them through eight return assumptions, for 192 cases in all. So let's see how much being wrong would cost those households on average, depending on which funding strategy they choose to go with.

## The cost of handing every family one schedule

How far short of the best available schedule each one finishes, averaged across all 192 cases

192 cases: the 24 cohorts in this article (thirteen jurisdictions, five turnover variations from the 10% base and six family profiles, each varied one at a time), judged at eight return assumptions · equal-weighted · \$50,000 pool

| SCHEDULE                                                              | AVERAGE COST OF BEING WRONG | WORST SINGLE CASE | CASES WON OUTRIGHT |
|-----------------------------------------------------------------------|-----------------------------|-------------------|--------------------|
| <b>6-YEAR FUNDING</b><br>\$37.5K, THEN \$2,500/YR × 5                 | \$430                       | \$2,651           | 32                 |
| <b>5-YEAR FUNDING</b><br>\$40K, THEN \$2,500/YR × 4                   | \$461                       | \$3,402           | 40                 |
| <b>7-YEAR FUNDING</b><br>\$35K, THEN \$2,500/YR × 6                   | \$669                       | \$3,570           | 29                 |
| <b>4-YEAR FUNDING</b><br>\$42.5K, THEN \$2,500/YR × 3                 | \$792                       | \$4,258           | 30                 |
| <b>8-YEAR FUNDING</b><br>\$32.5K, THEN \$2,500/YR × 7                 | \$1,157                     | \$5,921           | 26                 |
| <b>TRADITIONAL MAXIMIZER</b><br>\$16.5K, THEN \$2,500/YR TO THE LIMIT | \$9,066                     | \$30,287          | 0                  |

The six-year fund leads on both measures: \$31 cheaper on average than the five-year and \$751 safer in its worst case. The Traditional Maximizer ranks fifteenth of sixteen.

# V | The finish line

## The finish line is not age 18

Every table so far has measured the strategies at the same moment: the end of age 18, just before the first tuition bill. That is the right yardstick for comparing how the money gets in, but it is not the end of the plan.

A real RESP still has to come out.

Contributions can return to the subscriber tax-free. Grants and accumulated growth leave as Educational Assistance Payments (EAPs), taxable to the student. If earnings remain after school, they may eventually be paid to the subscriber as an accumulated income payment (AIP). Amounts that cannot be sheltered through an eligible rollover are generally subject to regular income tax plus an additional 20% tax — for Quebec residents, that additional tax is split between 12% federally and 8% provincially — which is why available RRSP rollover room can matter enormously.

So the last test is not another age-18 balance comparison. It is to run the plan through school and ask what the family actually keeps when the RESP is finished.

## Student tax is only the first question

The first concern is obvious: front-loading creates more growth inside the RESP, and that growth eventually becomes taxable to the student. But the tax bill depends on more than how the RESP was funded; it also depends on how the EAPs are withdrawn.

To test that, we run the same four-year education period three ways. The first uses CRA's 2026 annual EAP threshold of \$29,459 — an administrative reasonableness guideline, not a hard maximum — as the starting point, then projects that amount forward using the 2.1% annual inflation assumption used throughout this analysis. The second limits each year's EAP to the student's available zero-tax capacity of \$22,769 in the 2026 Alberta example. Under the assumptions used here, Alberta's basic personal amount is the binding limit because Alberta no longer provides a provincial tuition tax credit, even though the federal tuition credit shelters additional federal tax. The equivalent zero-tax amount varies by province. The third spreads the EAPs in level inflation-adjusted instalments designed to empty the plan over four school years.

A gentler pace only qualifies if it distributes at least as much total EAP as the threshold pace, so a withdrawal strategy cannot appear more tax-efficient simply by leaving more money behind. Contributions are returned at the start of school, student tax is calculated using the applicable year-of-use brackets and credits, and the student is assumed to have \$8,000 of annual tuition in 2026 dollars and no other income. Finally,

we test whether student tax itself changes the funding decision by running the same withdrawals with and without student tax, with everything else held constant.

## What the student actually pays

Each return's age-18 winning schedule and the lowest student tax among three practical withdrawal paces tested, across four years of school

Alberta · four years of post-secondary education · tax shown in end-of-school dollars

| RETURN | AGE-18 WINNER | LOWEST-TAX QUALIFYING PACE | STUDENT TAX OVER SCHOOL | EFFECTIVE RATE | WINNER AFTER STUDENT TAX |
|--------|---------------|----------------------------|-------------------------|----------------|--------------------------|
| 3%     | 11-Year       | Levelized                  | \$0                     | 0%             | Unchanged                |
| 4%     | 8-Year        | Levelized                  | \$0                     | 0%             | Unchanged                |
| 5%     | 7-Year        | Levelized                  | \$0                     | 0%             | Unchanged                |
| 6%     | 6-Year        | Levelized                  | \$0                     | 0%             | Unchanged                |
| 7%     | 6-Year        | Levelized                  | \$563                   | 0.3%           | Unchanged                |
| 8%     | 5-Year        | Threshold                  | \$8,515                 | 4.2%           | Unchanged                |
| 9%     | 5-Year        | Threshold                  | \$8,639                 | 4.2%           | Unchanged                |
| 10%    | 4-Year        | Threshold                  | \$8,765                 | 4.2%           | Unchanged                |

These are the lowest student-tax results among the three practical withdrawal paces tested, not a mathematical minimum. Larger EAPs can also be reasonable with supporting documentation, and other withdrawal schedules are possible. From 8% onward, neither gentler pace can distribute as much EAP as the threshold baseline within four school years, so the threshold pace is the only qualifying option.

At 7%, the difference is striking. The threshold pace produces about \$6,439 of student tax for the six-year fund. Level the withdrawals across the same four education years and the tax falls to about \$563, while the EAP pool still empties. The money left inside the RESP longer continues to compound, so the gentler path actually distributes more EAP before the plan runs dry. Student tax is as much a withdrawal-pacing problem as a funding problem.

More importantly for the funding question: in this student-tax test, student tax does not change the age-18 winning funding schedule at any return from 3% to 10% among the qualifying withdrawal paces tested. That result isolates student tax only; it does not include AIP taxation or other wind-up costs, which are tested separately below.

A real exit also has to answer a harder question: what happens to the money that education does not use?

## Follow the plan all the way out

For the full-cycle test, the featured household is carried through four education years and the RESP's wind-up. Where the last section asked how low student tax can reasonably be driven, this one asks a different question: does the funding strategy survive a standardized, relatively brisk exit? The withdrawal convention

is therefore the chapter's threshold-paced baseline, deliberately practical and deliberately demanding:

- use Educational Assistance Payments while the student remains eligible;
- respect the \$8,000 first-period limit;
- use CRA's annual EAP threshold as the baseline pace after that period;
- allow education costs and the threshold to rise with the stated 2.1% inflation assumption;
- leave statutory amounts that are not indexed, including the \$50,000 AIP rollover cap and the \$7,200 lifetime CESG, at face;
- repay residual grants on collapse;
- roll accumulated income to the RRSP where the subscriber is eligible and has room; and
- tax whatever accumulated income remains outside the rollover.

CRA's annual EAP threshold is used here as a standardized withdrawal baseline, not as a statement that a student can never receive more. Larger EAPs may be reasonable where the education expenses support them.

### **At 7%, a normal four-year education is not the problem**

Under the article's 7% case and a four-year education, withdrawals using the threshold pace described above fully drain every plan tested. Even the day-one lump's \$132,135 of earnings empties. The six-year fund's final payment is only \$8,159 as the plan runs dry, residual grants fall to zero, the student's tax across the four years is about \$6,439 under that threshold-paced baseline, after indexed credits, and nothing is left exposed to accumulated-income tax.

That matters. It says the age-18 analysis is not being rescued by pretending the RESP can disappear tax-free. Under a normal four-year use case, the exit is manageable and the front-loaded schedules still arrive at the finish line intact.

### **The risk lives at the corners**

Shorter educations and unusually strong markets are different.

Shorten school to two years and the six-year fund leaves \$51,994 exposed after the education period. With no rollover room, the resulting tax runs from \$21,837 to \$34,836 across the featured subscriber brackets. A single subscriber with \$50,000 of available rollover room absorbs almost all of it, leaving only \$837 to \$1,336 of tax. Where two eligible subscribers can receive separate AIP payments and have enough deduction room (\$100,000 of combined lifetime capacity), the illustrated exposure is absorbed completely.

Now keep four years of school but let the RESP compound at 10%. The six-year fund reaches \$301,957 and still leaves \$137,463 exposed after withdrawals at the threshold. With no rollover room, the tax reaches \$92,100 in the top-bracket case. A single \$50,000 rollover still leaves as much as \$58,600 of tax, and even \$100,000 of combined subscriber capacity leaves \$15,735 to \$25,100 owing in the illustrated brackets.

This is the other side of front-loading: the objective is not to make the RESP as large as possible. It is to shelter enough, early enough, without building more RESP than the education and the available exit routes can use efficiently.

## What the exit changes

Three conclusions survive the trip from age 18 to the end of the plan.

First, the funding and withdrawal decisions are one plan. Choosing the contribution schedule without thinking about how the RESP will eventually be emptied is only half the decision.

Second, student tax is largely manageable through withdrawal planning at ordinary returns. Across the 3% to 10% student-tax cases tested, choosing among the qualifying withdrawal paces prevents student tax from changing the funding winner. That finding does not eliminate the separate wind-up risk: unused RESP wealth can still become expensive when education is short, returns are unusually strong, or rollover room is scarce.

Third, right-sizing is the final constraint on front-loading. The age-18 grids tell us how quickly it is worth sheltering the capital. The exit tells us how far that logic can safely be pushed.

That is the last adjustment the recommendation needs.

# VI | If you must pick

## Six to eight is the starting point

Most of this article’s headline examples use a 7% return assumption, and at the end of age 18 the six-year fund has been the centre of the evidence. At realistic turnover it has the lowest average cost of being wrong across the 192 personal-source cases, the best worst case, the article’s 7% base-case win, and no cost for protecting against the unknown timing of the bear-market scenarios tested.

But the article has now followed the plan through the exit, so “six years” should not be read as a magic number. It is a starting point.

The lower the portfolio’s expected return, the longer the funding schedule that makes sense. The stronger the expected return, the shorter the accumulation-side answer becomes, until right-sizing and the exit begin pushing back the other way.

## If you knew with certainty what your rate of return would be

The cheapest schedule to be wrong with at each return

The same 192 cases, sorted by return instead of averaged across them · income character follows the return’s implied portfolio (see the return breakdown table)

|                                      | 3%      | 4%     | 5%     | 6%     | 7%     | 8%     | 9%     | 10%    |
|--------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| BEST SCHEDULE IF YOU KNOW THE RETURN | 11-Year | 8-Year | 7-Year | 7-Year | 6-Year | 5-Year | 5-Year | 4-Year |

Down the range with plateaus where neighbouring returns agree, and the six-year fund is the 7% base case, the middle of the range this article sweeps.

## Choosing by portfolio mix

Each mix at its own expected return and its own volatility: the schedule that wins on a straight line, and the one that finishes first most often once returns arrive unevenly

Expected returns and standard deviations blended from FP Canada, BlackRock and PWL Capital · Alberta, top marginal rates · \$50,000 pool · 10% annual turnover · each mix taxed on the income character it actually produces · 5,000 paired paths per mix, seed 1000000

| INVESTOR MIX                                        | EXPECTED RETURN | TYPICAL YEARLY SWING | BEST ON A STRAIGHT LINE | FIRST MOST OFTEN WITH VOLATILITY | ITS SHARE OF FUTURES | THREE- TO EIGHT-YEAR FUNDS COMBINED |
|-----------------------------------------------------|-----------------|----------------------|-------------------------|----------------------------------|----------------------|-------------------------------------|
| <b>DEFENSIVE</b><br>70% BONDS / 30% STOCKS          | 4.6%            | 5.3%                 | 8-Year                  | 6-Year                           | 16%                  | 63%                                 |
| <b>DEFENSIVE BALANCED</b><br>50% BONDS / 50% STOCKS | 5.2%            | 7.2%                 | 7-Year                  | 6-Year                           | 15%                  | 66%                                 |
| <b>BALANCED</b><br>40% BONDS / 60% STOCKS           | 5.4%            | 8.3%                 | 7-Year                  | 5-Year                           | 14%                  | 64%                                 |
| <b>BALANCED GROWTH</b><br>30% BONDS / 70% STOCKS    | 5.7%            | 9.5%                 | 7-Year                  | 5-Year                           | 14%                  | 64%                                 |
| <b>GROWTH</b><br>20% BONDS / 80% STOCKS             | 6%              | 10.8%                | 6-Year                  | 5-Year                           | 14%                  | 62%                                 |
| <b>ALL EQUITY</b><br>0% BONDS / 100% STOCKS         | 6.6%            | 13.4%                | 6-Year                  | 4-Year                           | 12%                  | 59%                                 |

The two schedule columns differ by about two rungs, and the reason is worth knowing: volatility's best paths are the high-return ones, and those reward front-loading, so the most frequent winner sits shorter than the answer at the average return. Read them as the ends of a sensible range rather than as a disagreement; notice that no mix crowns any single schedule in more than one future in six.

## The final adjustment: right-size the exit

The portfolio table gives the starting range. The exit gives the last adjustment.

For a family expecting a normal four-year post-secondary path, with meaningful subscriber rollover room available if the plan does overshoot, the six-to-eight-year range remains a reasonable starting point: roughly six for an equity investor, seven for a balanced investor, and eight or somewhat longer as the portfolio becomes more conservative.

Use a longer funding schedule when the other side of the plan is less certain. A shorter or cheaper education, limited AIP rollover room, unusually strong return assumptions, or significant student income all make excess RESP growth more expensive and weaken the case for the fastest schedules. An existing plan is different again: use the child's age, remaining grant room, contributions to date and current balance rather than pretending the family is starting from birth.

So the practical recommendation is not “fund for exactly six years.” It is:

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Start with six to eight for personally held money, then adjust for the portfolio, the family’s circumstances, and the exit.

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## The bottom line

The old RESP debate asks the wrong question. It asks whether to maximize compounding with a day-one lump sum or maximize grants with the Traditional Maximizer.

The evidence in this issue points to the space between them.

For personally held capital, multi-year front-loading captures most of the shelter without sacrificing too much future grant opportunity. The precise rung moves with returns, portfolio mix, province, taxable-account turnover, family income, the child’s age, grant history and market path. Volatility makes the answer a range rather than a single precise schedule. Existing plans become completion problems. And the exit adds one final rule: do not build a larger RESP than the education and the available rollover routes can use efficiently.

If I were starting from scratch, I would begin around six years for an equity portfolio, around seven for a balanced portfolio, and longer as the portfolio becomes more conservative; then I would run the family’s actual numbers and check the exit before writing the cheque.

For two decades the classic opening move was \$16,500 down. I no longer think that is the best default.

Six to eight is the new sixteen-five — not because one schedule is always right, but because the evidence says that is where the personal-side decision should begin.

And the three shortcuts I would stop using are just as clear:

Don’t dump the full \$50,000 in on day one. Don’t drift along at \$2,500 a year when there is capital waiting outside the plan. And don’t mistake the Traditional Maximizer for the safe default.

## § | Sources and references

The analysis in this article draws on published statutory, tax, benefit and capital-market inputs. The principal sources are listed below:

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA                             | CESG and Additional CESG rules and the 2026 income thresholds (\$58,523 and \$117,045, per <a href="#">ESDC promoter bulletin #1114</a> , December 8, 2025), grant-room carry-forward and catch-up mechanics, and Canada Learning Bond parameters (\$500 plus \$100 a year, \$2,000 lifetime).                                                                                                       |
| GOVERNMENT OF CANADA — CANADA CHILD BENEFIT                          | 2026–27 benefit amounts (\$8,157 under six; \$6,883 six to seventeen) and the \$38,237 and \$82,847 phase-out thresholds, with the family-size reduction rates used in the clawback section — per the <a href="#">CRA's 2026 indexation adjustment tables</a> .                                                                                                                                      |
| GOVERNMENT OF CANADA — CANADA GROCERIES AND ESSENTIALS BENEFIT       | 2026–27 parameters for the renamed GST/HST credit (adult maximum \$445, child \$234, including the five-year 25% enhancement from July 2026): the 5% phase-out beginning at \$46,432 of family net income, per the CRA's 2026 indexation tables.                                                                                                                                                     |
| REVENU QUÉBEC                                                        | <a href="#">QESI</a> : the 10% match, \$250 annual accrual (to \$500 with carry-forward), \$3,600 lifetime maximum, and payment in the May following the contribution year.                                                                                                                                                                                                                          |
| GOVERNMENT OF BRITISH COLUMBIA                                       | BCTESG program terms ( <a href="#">program page</a> ) and B.C. Budget 2026: the grant is discontinued, with claims still available to beneficiaries between their sixth and ninth birthdays before April 1, 2028.                                                                                                                                                                                    |
| CANADA REVENUE AGENCY; PROVINCIAL AND TERRITORIAL FINANCE MINISTRIES | The 2026 statutory parameters behind every jurisdiction's effective marginal ladder: federal brackets and rates, both basic personal amounts, provincial rates and surtaxes, the Ontario Health Premium, provincial credit rates and low-income tax reductions — reconciled to the <a href="#">CRA's 2026 indexation adjustment tables</a> and each jurisdiction's substantively enacted 2026 rates. |
| FEDERAL AND PROVINCIAL TUITION-CREDIT RULES, 2026                    | The student-tax section's credit availability: federal credit throughout; provincial credits where they survive (abolished in Yukon 2017, Ontario and Saskatchewan 2018, British Columbia 2019, Alberta 2020; Quebec's at a flat 8%).                                                                                                                                                                |
| CANADA REVENUE AGENCY — EDUCATIONAL ASSISTANCE PAYMENTS              | 2026 annual EAP threshold of \$29,459 and CRA's administrative reasonableness guidance for EAPs, together with the applicable first-period EAP limit, per <a href="#">CRA RESP Bulletin No. 1</a> . For subsequent years, the analysis projects the 2026 threshold forward using the stated 2.1% annual inflation assumption.                                                                        |

**CANADA REVENUE AGENCY; REVENU QUÉBEC —  
ACCUMULATED INCOME PAYMENTS**

AIP taxation and rollover treatment: regular income tax plus a combined 20% additional tax. For Quebec residents, the additional tax is split between 12% federal tax and an 8% Quebec special tax. Qualifying transfers and deductions can reduce the amount subject to tax, subject to the applicable conditions and \$50,000 lifetime limit, per CRA's [RESP accumulated income payments](#) guidance and Revenu Québec's [Payments From an RESP](#) guidance.

**FP CANADA; PWL CAPITAL; BLACKROCK**

Published expected-return assumptions, averaged equally across the three publishers with equities split one-third each Canadian, U.S. and international (6.6% all-equity, 5.4% balanced, 4.6% defensive; before fees): FP Canada and the Institute of Financial Planning's [2026 Projection Assumption Guidelines](#) (April 16, 2026); PWL Capital's [Financial Planning Assumptions, Winter 2026](#) (January 30, 2026; year-end 2025 data); and BlackRock's [Capital Market Assumptions](#) (10-year; March 31, 2026 data vintage used in this analysis; CAD). Portfolio volatilities are built from the Guidelines' supporting-data addendum's 20-year standard deviations and correlations.

**GOVERNMENT OF CANADA — OLD AGE SECURITY AND GIS**

The grandparent section's senior-side parameters: OAS amounts and the 15% recovery tax above \$95,323 (per the CRA's 2026 indexation tables), GIS maximums and the 50% reduction rate (annualized from the 2026 Service Canada quarterly rate cards), and the federal and provincial age amounts. The grandparent ages through the horizon, with OAS taken at 65 and stepping up at 75. For modelling purposes, GIS is tested on same-year income; the assumed final-year realization is excluded from that test because it could not reduce GIS already received during that year.

Material assumptions, timing conventions and simplifications are described in the sections where they affect the analysis. The results were also subjected to the sensitivity, crash and simulation testing described throughout the article.



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