

Study: Which Families Invest in Registered Education Savings Plans and does it Matter for Postsecondary Enrolment?, 1999 and 2012

Released at 8:30 a.m. Eastern time in The Daily, Wednesday, April 12, 2017

Registered Education Savings Plans (RESPs) are an important savings vehicle for many Canadian families. A new study and accompanying summary article document trends in the characteristics of RESP savers and examine the relationship between RESP savings and postsecondary enrolment.

Youth from families that had opened an RESP account were more likely to pursue a postsecondary education than those whose families had not. In general, RESP investments were concentrated among families with higher income, a trend that became more evident through the 2000s.

The study tracked 15-year-olds by linking the Youth in Transition Survey, Cohort-A with the T1 Family File to establish an association between the existence of an RESP account in the family at age 15 (in 2000) and postsecondary enrolment by ages 19 to 27 (2004 to 2011). Using the 1999 and 2012 Survey of Financial Security, the study also examined trends in RESP investments of families with at least one child under the age of 18. In most cases, families were grouped by income quintile (20%).

Youth whose families had invested in RESPs by the time they were 15 were more likely to pursue a postsecondary education by age 19 than their counterparts, whose families had not made RESP investments. This was the case for youth across the income distribution, as well as for young men and women.

Overall, about three-quarters (75.4%) of youth with an RESP at age 15 had attended a postsecondary institution by age 19, compared with 59.7% of their counterparts without an RESP at age 15. The difference partly reflects the fact that parents who did invest in RESPs were generally more highly-educated than parents who did not. Also, parents tended to invest more in RESPs when their children performed better at school.

Both of these factors—parental education and academic performance—are primary predictors of postsecondary education. After controlling for differences in parental education, academic performance, and other relevant youth characteristics, the remaining difference in postsecondary enrolment rates between 19 year-olds from families with and without RESPs was 5.9 percentage points. This adjusted difference in enrolment rates was about the same for youth from families in the bottom and top of the income distribution.

Young men and women with an RESP were more likely to pursue postsecondary education by age 19 than their counterparts without an RESP. However, the adjusted difference in enrolment rates was almost twice as large among men (7.8 percentage points) as among women (4.3 percentage points).

Moving from age 19 to age 27, the adjusted difference in postsecondary enrolment rates between RESP holders and non-holders fell from 5.9 to 2.7 percentage points. By age 27, there was no association between RESPs and post-secondary education among youth from families in the top and bottom income quintiles.

On average, RESP investments tend to be concentrated among families with higher income, higher net worth and higher levels of parental education. For example, families in the top quintile of the after-tax income distribution held \$15,915 in RESP investments in 2012, compared with \$2,072 held by families in the bottom income quintile. While about two-thirds of families in the top quintile held an RESP account, only about one-quarter of families in the bottom quintile held one.

During the 2000s, RESP investments increased among families across the income distribution, but more so among higher-income families. For example, average RESP investments increased from \$746 in 1999 to \$2,072 in 2012 among families in the bottom income quintile. Among families in the top quintile, average RESP investments rose from \$3,134 to \$15,915 over the same period.



It will be possible to update these trends when the 2016 Survey of Financial Security is released in December 2017.

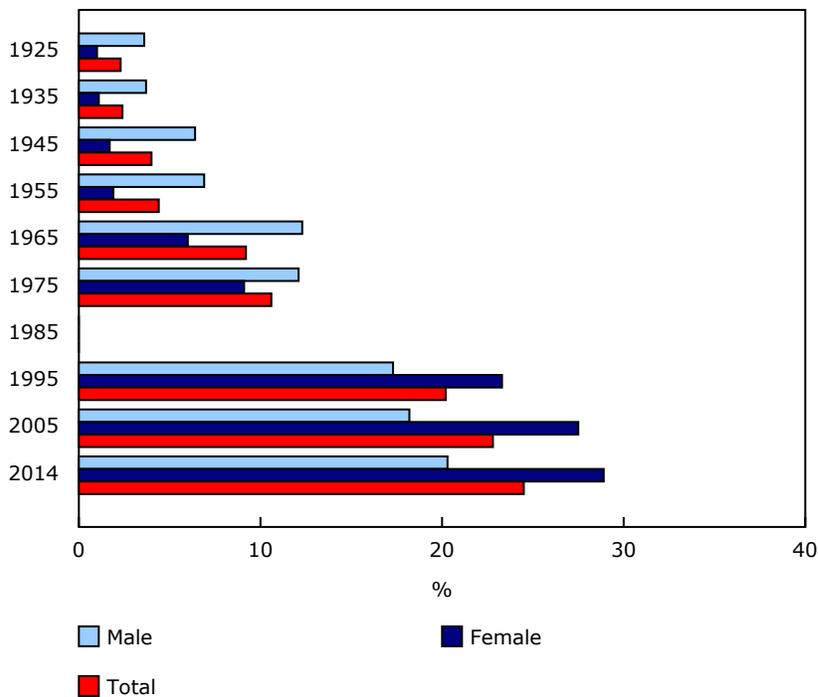


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Full-time university undergraduate enrolment, 1925 to 2014

Many Canadians now pursue a university education after high school, but this was not always the case. In 1925, full-time university undergraduate enrolment represented only 2.3% of the population aged 18 to 24. Most of those who attended were men. In the decade after World War Two, enrolment rates increased only slightly, from 4.0% to 4.4%. However, the following decades saw substantial change. The full-time undergraduate enrolment rate more than doubled from 1955 to 1975 and almost doubled again from 1975 to 1995. Gains were largest among women. As a result of these trends, the Canadian university student body is considerably larger and more female today than it was 90 years ago.

Chart 1
Full-time university undergraduate enrolments as a percentage



Note(s): Comparable data is not available for 1985.

Source(s): Enrolment data up to and including 1975 come from Historical Statistics of Canada, 2nd Ed. 1983 (11-516-X). Enrolment data for 1995 to 2014 come from CANSIM table 477-0019. Population estimates are from CANSIM tables 051-0001 and 051-0026.

Definitions, data sources and methods: survey number [2620](#).

The research study "[Which Families Invest in Registered Education Savings Plans and Does It Matter for Postsecondary Enrolment?](#)" is part of the *Analytical Studies Branch Research Paper Series* ([11F0019M](#)) and is now available.

A shorter version of the study, "[Investments in Registered Education Savings Plans and Postsecondary Attendance](#)", is available in the *Economic Insights* series ([11-626-X](#)).

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