

Registered education savings plans

The Basic Canada Education Savings Grant (and other government grants) and tax-deferred growth make RESPs an attractive way to save for the rising cost of a child's education.

What is a Registered Education Savings Plan?

A Registered Education Savings Plan (RESP) is a tax-deferred education savings vehicle through which the federal government allows a subscriber to save money for a beneficiary's post-secondary education.

A subscriber is an individual other than a trust. The exception is where a subscriber dies; in that situation, the estate of the deceased may take over as the subscriber of an existing plan. In the case of a jointly held RESP, only spouses or common-law partners may be joint subscribers. A subscriber may also be a government agency acting as the primary caregiver of the beneficiary; not all institutions will administer such a plan.

Beneficiary(ies)

A beneficiary is the person who will be attending post-secondary education (or persons, in the case of a family plan) and to whom Invesco Trimark agrees to make educational assistance payments if the beneficiary qualifies to receive such payments.

Who qualifies as a beneficiary?

This depends on the type of RESP. Qualifications for an RESP set up as an "individual" plan differ from those for a "family" plan. In an individual plan, the beneficiary can be anyone, whether related to the subscriber or not. In fact, the beneficiary can be the subscriber. Since there are no age restrictions on this type of plan, a subscriber who thinks he or she may attend post-secondary school someday may want to set up an RESP naming himself or herself as the sole beneficiary.

In a family plan (i.e., an RESP that permits more than one beneficiary), each beneficiary must be under 21 years of age and related to the subscriber by blood relationship or adoption. For this purpose, "blood relationship" includes children, brothers, sisters, grandchildren and great-grandchildren. It does not include the subscriber or the subscriber's spouse, nieces or nephews. Further restrictions are in place when applying for certain government grants. In family plans, contributions can only be made for beneficiaries under 21 years of age.

Under both the individual and family plans, a subscriber can change the beneficiary at any time, although certain restrictions may apply.

RESP contributions

Beginning in 2007, there is no longer a specific annual maximum contribution for a beneficiary. There is, however, a lifetime limit that has been increased to \$50,000 from \$42,000 per beneficiary.

Contributions to an RESP are not tax-deductible, which is why contributions may be withdrawn tax-free from the plan at any time (see *Refund of contributions* on page 6). The income or growth in the plan, however, remains tax-sheltered for the life of the plan until it is paid out in the form of educational assistance payments to qualifying beneficiaries, or as accumulated income payments to the subscriber, or is forfeited to a Canadian post-secondary eligible designated institution.

Contributions can be made each year before the end of the 31st year following the year the plan was entered into. Contributions made on behalf of a beneficiary of a family plan must be made before the beneficiary's 31st birthday. The plan must be collapsed before the end of the 35th year[‡] following the year the plan was entered into. This allows the plan to continue to provide tax-deferred growth while the beneficiary is pursuing post-secondary education. When transferring between plans, the receiving plan must adopt the earlier plan inception date.

[‡] For Individual RESP beneficiaries that qualify for a disability tax credit, the contributory period and the lifespan of the RESP may be extended to 35 years and to 40 years, respectively. The terms and conditions of the RESP must include this optional provision.

Penalty tax on overcontributions

If contributions are made in excess of the annual (up to 2006) or lifetime limit, they are subject to a penalty tax of 1% per month of the amount of the overcontribution at the end of that month. If the RESP has more than one subscriber, the penalty is based on the proportion of contributions per subscriber. The penalty is calculated on the T1E-OVP return "Individual Income Tax Return for RESP Overcontributions for 1996 and Future Years" and must be remitted to the Canada Revenue Agency (CRA) within 90 days after the end of the year for which there was an overcontribution (generally, March 31).

Withdrawing an overcontribution will reduce the amount, if any, that is subject to the penalty tax. However, the overcontribution will still be included in the calculation of the \$50,000 lifetime limit for that beneficiary.

Subscriber

A subscriber is an individual who enters into the RESP contract with Invesco Trimark and names a beneficiary on whose behalf he or she will make contributions. A subscriber may also be a government agency acting as the primary caregiver of the beneficiary.

Spouses or common-law partners only may be joint subscribers to an RESP. Trusts are prohibited from being subscribers to RESPs.

The RESP rules allow for a replacement subscriber to be named if the original subscriber dies. Where the RESP allows another person to make a contribution into the plan after the death of the original subscriber, that person is then considered the replacement subscriber under the plan. Therefore, if the estate of a deceased subscriber continues to make contributions into an RESP, the estate is considered to be a subscriber.

A former spouse or common-law partner may also become a subscriber under an RESP if he or she acquires these rights as a result of the breakdown of the marriage or common-law partnership.

What is the Canada Education Savings Grant (CESG)?

To promote saving for a child's education and to give a boost to RESPs, the government introduced the Basic and Additional CESG. The Basic CESG, which is deposited directly into the RESP itself, is equal to 20% of the annual contributions made to an RESP, to a maximum of up to \$1,000 per year per beneficiary, depending on the availability of CESG carryforward. The CESG is not included in determining the lifetime \$50,000 RESP contribution limit.

Starting from the later of 1998 or birth, every Canadian resident under the age of 18 began to accumulate Basic CESG room of \$400 per year up to 2006 and \$500 per year thereafter. Basic CESG room is used to determine the maximum amount of Basic CESG that a plan can receive from the government in a year. As of January 1, 2007, Basic CESG payments are based on a maximum of 20% of contributions actually made in the year or \$2,500, whichever is less. Unused CESG is automatically carried forward from year to year. This outstanding amount will be paid on the next \$2,500 of annual contributions up to \$500 for a maximum annual CESG payout of \$1,000 for a \$5,000 contribution.

Period	Basic CESG annual room	Contribution required for basic CESG annual room	Basic CESG annual limit	When carry forward room is available
				Contribution required for basic CESG annual limit
1998-2006	\$400	\$2,000	\$800	\$4,000
2007	\$500	\$2,500	\$1,000	\$5,000

CESGs are available up to and including the year in which a beneficiary turns 17. The maximum amount of CESG that can be received is up to \$7,200 per beneficiary. The beneficiary must qualify for the CESG each year to accumulate CESG room and to receive the CESG and any outstanding CESG carryforward room.

To ensure that RESPs are used as systematic savings plans over the long term, contributions made for beneficiaries in the calendar year they turn 16 or 17 years old will receive a CESG only when:

- A minimum of \$2,000 of contributions has been made and not withdrawn, to RESPs in respect of the beneficiary before the calendar year in which the beneficiary was 16 years of age; or
- A minimum of \$100 of annual contributions has been made and not withdrawn, to RESPs in respect of the beneficiary in any four years before the calendar year in which the beneficiary was 16 years of age

For Invesco Trimark to apply for a CESG on behalf of an RESP beneficiary, the Social Insurance Number for the subscriber(s) and the beneficiary(ies) and a duly completed prescribed grant application must be provided.

History of RESP contribution limits:

Year(s)	Annual	Lifetime
1990-1995	\$1,500	\$31,500
1996	\$2,000	\$42,000
1997-2006	\$4,000	\$42,000
2007-		\$50,000

Example one

In January 2004, Sally contributed \$4,000 to an RESP for her daughter Anne. In October 2004, Anne's aunt, not knowing that Sally had already set up a plan, set up a separate RESP for Anne and contributed \$2,000. A total contribution of \$6,000 was made on Anne's behalf; two-thirds of it was made by Sally and one-third was made by Anne's aunt. Since the annual contribution limit per beneficiary up to 2006 is \$4,000, a total of \$2,000 has been over-contributed. The penalty of 1% per month will be charged for October, November and December 2004, resulting in a penalty of \$60 ($\$2,000 \times 1\% \times 3$ months). Sally will be responsible for \$40 ($\$60 \times 2/3$) and Anne's aunt will be responsible for \$20 ($\$60 \times 1/3$). This penalty will continue until the end of 2006 or the \$2,000 is withdrawn from either plan, whichever occurs first. Anne's lifetime contributions-to-date is \$6,000, even after the overcontribution has been withdrawn.

Other government grants

Additional CESG

An additional amount of CESG is available to assist lower-income families. The first \$500 contributed to the RESP in the year will attract an additional 20% if the child's family has qualifying net income of \$37,884[§] or less, or if a public agency is receiving a Children's Special Allowance on behalf of the child. The Additional CESG is reduced to 10% if the child's family has qualifying net income greater than \$37,884[§] but not exceeding \$75,770[§]. The remaining contribution amounts for the year will remain eligible for the regular CESG up to a maximum limit. Qualifying net income is the same information used to determine eligibility for the Canada Child Tax Benefit. Unused additional CESG is not eligible for carryforward to future years.

For those families with the lower net income, the resulting maximum CESG for the year is increased up to \$1,100 (20% on first \$500 of RESP contribution and 20% of entire RESP contribution, up to \$5,000 for the year). For those families with net income between the two thresholds mentioned above, the resulting maximum CESG for the year is increased up to \$1,050 (10% on first \$500 of RESP contribution and 20% of entire RESP contribution, up to \$5,000 for the year).

Where contributions are made by others who are not the primary caregiver (the person receiving the Canada Child Tax Benefit), consent must be obtained from the primary caregiver in order to apply for the Additional CESG. Limits to the additional CESG on the first \$500 RESP contribution apply jointly to all RESPs of which the child is a beneficiary.

With respect to family plans, the beneficiaries must all be siblings in order to qualify for the Additional CESG.

[§] The amounts of \$37,884 and \$75,770 apply to 2008 only and are subject to annual indexation.

Canada Learning Bond (CLB)

The CLB is available to every child born on or after January 1, 2004. Eligibility is linked to the National Child Benefit Supplement received with the Canada Child Tax Benefit or Children's Special Allowance. An initial \$500 is provided when the beneficiary is first eligible; additional annual \$100 payments are made for each eligible year up to the year the child turns 15 years, for a maximum lifetime total of \$2,000. The CLB amount is paid into an RESP with the authorization of the primary caregiver and does not affect the lifetime RESP contribution limit.

The rules do not permit the CLB to be shared with other beneficiaries in a family plan but the earnings from the CLB may be shared. In order for the RESP to receive the CLB, the RESP must be an individual plan or a family plan where all the beneficiaries are siblings. The conditions of use and treatment of repayments of the CLB are generally the same as those for the CESG.

Example two

In 2007, Joanne established individual RESPs for her niece, Jennifer and nephew, Matthew. Matthew was born on May 3, 2004 and Jennifer was born on June 25, 2006. The children are not beneficiaries of any other RESP other than the ones established by their aunt in 2007. For 2007, Joanne made contributions of \$5,000 in each individual RESP. Due to the CESG carryforward, the \$5,000 contribution in Matthew's plan attracts CESG of \$1,000 (\$500 from 2007, \$400 carryforward from 2006 and \$100 carryforward from 2005). The \$5,000 contribution in Jennifer's plan attracts CESG of \$900 (\$500 from 2007, \$400 carryforward from 2006).

Example three

Theresa gave birth to her first son Noah, in February 2004. Noah will automatically accumulate \$400 of CESG room for 2004. Theresa decided to start saving early for her son's education and therefore opened up an RESP for Noah with a \$1,000 contribution right away. The government deposited a \$200 CESG in the child's RESP (\$1,000 x 20%). In 2005, Noah had \$600 worth of CESG contribution room available (\$400 created in 2005 + \$200 carryforward from 2004). If Theresa contributes \$4,000 in 2005, the RESP will receive a CESG of \$600 (\$3,000 x 20%) deposited directly into Noah's RESP account, which is limited to 20% of the amount of unused CESG room. The extra \$1,000 contribution made by Theresa in 2005 cannot be carried forward to attract a CESG in a future year but remains in the plan earning tax-sheltered income.

Alberta Centennial Education Savings (ACES) Grant

Starting in 2005, the ACES Grant provides \$500 to an RESP for every child born in 2005 and thereafter to natural or adoptive parents residing in Alberta. The grant also provides \$100 to an RESP for children attending school in Alberta at ages 8, 11, and 14, and where a \$100 minimum contribution was made on behalf of the beneficiary within 12 months of the grant application. In order for the RESP to receive the ACES Grant, the RESP must be an individual plan or a family plan where all the beneficiaries are siblings. The conditions of use and treatment of repayments of the provincial grant is generally the same as those for the CESG.

How are RESPs taxed?

Unlike RRSP contributions, contributions made to an RESP are not tax-deductible. If money is borrowed by the subscriber to make an RESP contribution, the interest paid on the loan is not tax-deductible.

The tax advantage of RESPs is that all income, growth and government grants, including any growth attributable to the government grants in the RESP, are tax-deferred until they are removed from the plan. If the income and government grants are paid to the beneficiary as an Education Assistance Payment (EAP), he or she will likely be in a low- or no-income bracket while attending school, and therefore he or she may pay little or no tax on the EAP when withdrawn.

Note that when income and grants are withdrawn as an EAP, the EAP is considered to be "Other Income" - no breakdown of Canadian dividends, foreign income, interest income or capital gains is made. As a result, the EAP is not eligible for the dividend tax credit or capital gains treatment. The EAP (income and grants - see section on Education Assistance Payments) is reported to beneficiaries on a T4A slip (plus a Relevé 1 for Quebec residents).

Example four

Alan is the subscriber of an RESP for his daughter, Sandy (born in 1994), which has \$8,000 of pre-1998 (i.e., unassisted) contributions. In October 2000, Alan contributed a further \$2,000 to the RESP, which attracted a CESG of \$400. The RESP now has \$2,000 of assisted contributions. In March 2001, Alan withdrew \$3,000 of contributions (\$2000 assisted and \$1000 of pre-1998 contributions) from the plan, requiring a \$400 CESG repayment. Since assisted contributions have to be withdrawn first and the full amount is redeemed in this case, the full grant received must be repaid to the government. Alan went on to contribute another \$1,000 in October 2001; however, this did not qualify for a CESG as a result of his withdrawal of more than \$200 pre-1998 unassisted contributions, and neither will any contributions in 2002 and 2003. Sandy will not earn any CESG room in either 2002 and 2003 so the amount of unused CESG room carried forward to 2004 is \$1,200 representing unused CESG contribution room of \$400 from 1998, \$400 for 1999 and \$400 from 2001. All the beneficiaries named on a Family RESP at the time of a withdrawal of pre-1998 contributions would be affected in the same way.

How can contributions, income and grants be withdrawn from the plan?

Withdrawals from an RESP can be classified as one of the following: a refund of contributions, educational assistance payments, accumulated income payments or a payment to a post-secondary designated educational institution. Government grants are only paid out in educational assistance payments; any grant balance remaining will be repaid to the government when the plan is terminated with any other type of payment.

Refund of contributions

The subscriber may withdraw contributions (refund of contributions) at any time without any income tax implications. However, the government has put in place several anti-avoidance rules to ensure that the CESG program is not abused as a result of premature refunds of contributions.

Contributions must be redeemed in the following order:

- 1 Assisted contributions - contributions that received CESG
- 2 Unassisted contributions from January 1, 1998 - contributions that did not receive CESG
- 3 Unassisted contributions prior to January 1, 1998 - contributions that did not receive CESG

As a result, when a contribution is removed when none of the beneficiaries are eligible for an EAP from a plan that has received a CESG, an amount between 20% to 40% of the contribution withdrawn must be repaid to the government up to the extent that CESGs were received.

If more than \$200 of pre-1998 unassisted contributions in the same calendar year are withdrawn from the plan, all the beneficiaries of the RESP will not qualify for CESG for the remainder of the year of withdrawal or the following two years. Additionally, the beneficiaries will not accumulate any new CESG contribution room for the following two years.

If any amount of assisted contributions is redeemed after March 22, 2007, all the beneficiaries of the RESP will not be eligible for the Additional CESG for the remainder of the year of the withdrawal and the following two calendar years.

Contributions that are withdrawn when one of the RESP beneficiaries is eligible for an EAP do not require grant repayments. Subscribers must take care that enough contributions remain in the RESP for younger beneficiaries to qualify for the CESG when he/she turns 16 and 17 in the calendar year.

Education Assistance Payments (EAPs)

EAPs are any amounts paid out under an RESP, other than a refund of contributions, including government grants, to a beneficiary to help the beneficiary attend a full-or part-time educational program at a post-secondary educational institution.

The subscriber of the RESP decides during the beneficiary's post-secondary enrolment period, when and how much should be paid out of the plan to the beneficiary. The subscriber can also choose whether to pay out income and grants (from an EAP) or contributions. A part of each EAP will be attributed to the government grants deposited to the plan, based on the ratio of government grants to total investment earnings. A maximum of up to \$7,200 of CESG per beneficiary can be paid out in the beneficiary's lifetime. This is especially important when dealing with family plans.

In a family plan, if one beneficiary does not attend a post-secondary educational institution, the other beneficiaries in the plan can share in any growth or income in the plan, as well as any CESG, up to a maximum of \$7,200 of CESG per beneficiary.

Full-time versus part-time educational program

For beneficiaries attending a full-time program, there is a \$5,000 limit in EAPs per beneficiary per promoter during the first 13 weeks of a qualifying educational program in Canada. A qualifying educational program consists of at least 10 hours per week of courses for at least three consecutive weeks' duration and 13 consecutive weeks for programs outside Canada. If more than \$5,000 is required in the first 13 weeks, prior approval must be obtained from Human Resources and Social Development Canada (HRSDC). Beyond the first 13 weeks, an additional EAP may be requested provided the beneficiary continues to be enrolled in a qualifying program. If there is a 13-month period in which the beneficiary was not enrolled in a qualifying educational program, the \$5,000 limit will apply once again.

For beneficiaries attending a part-time program, there is a \$2,500 limit in EAPs per beneficiary per promoter for a specified educational program in each 13-week period. A specified educational program in Canada consists of at least 12 hours per month of courses for at least three consecutive weeks and 13 consecutive weeks for programs outside Canada. If more than \$2,500 is required in any 13-week period, prior approval must be obtained from HRSDC.

The above definitions also apply to eligible correspondence courses.

Subscribers must provide detailed proof of enrolment from beneficiaries so that promoters may determine the appropriate EAP limits. A combination of contributions and EAP may be withdrawn when the beneficiary is enrolled. However, since an EAP can only be paid when the beneficiary is enrolled, careful planning is required so that all possible income and grants are used by the beneficiary.

Example five

Jonathan set up a family plan for his three children: Sarah, Ted and Adam. For the years 2001 through 2007, he contributes \$2,000 per beneficiary resulting in \$2,800 of CESGs for each child ($\$2,000 \times 20\% \times 7$ years), for a total of \$8,400 of CESGs in the plan. In 2011 his youngest child, Adam goes to university. The two older children did not pursue post-secondary studies. Adam may receive all of the growth or income accumulated in the plan; however, he may only receive up to \$7,200 of CESGs. The remaining \$1,200 of CESGs must be repaid to the government.

Example six

In 1990, Michael established an RESP for his daughter, Carole. The total income in the plan to date is \$10,000. Carole turned 21 on July 25, 2005 and decided not to pursue a post-secondary education. Michael has \$6,000 of unused RRSP contribution room for 2005. If he takes the full \$10,000 as an accumulated income payment in 2005, he will have to pay tax at his marginal rate of \$4,000 plus a penalty tax of \$800 ($20\% \times \$4,000$). However, if Michael takes only \$6,000 of accumulated income payment in 2005 and the additional \$4,000 in 2006 and additional RRSP contribution room of \$4,000 is generated for 2006, he could defer all the tax on the entire \$10,000.

Accumulated Income Payments (AIPs)

If all intended beneficiaries of an RESP are not pursuing a higher education, the subscriber may request an AIP if he or she is a Canadian resident and meets one of the following conditions:

- 1 The RESP has been in existence for at least 10 years, and all the beneficiaries, past and present, are over 21 years of age and not eligible for an EAP
- 2 All beneficiaries, past and present, are deceased
- 3 The payment is made in the 25th year following the year of the plan inception date

Where a beneficiary with a severe and prolonged mental impairment is not reasonably expected to pursue a full-time or part-time qualifying post-secondary program, the subscriber may be permitted to take an earlier AIP if approval is obtained from the CRA.

AIPs, when withdrawn, are fully taxable to the subscriber at his or her marginal tax rate as reported on their T4A slip (plus a Relevé 1 for Quebec residents). However, the subscriber has the option of transferring this accumulated income to his or her RRSP or to a spousal RRSP if RRSP contribution room is available. If the subscriber does not have enough contribution room to tax shelter this income, the excess will be subject to an additional penalty tax of 20% - this is above the normal tax he or she would pay on the RESP income inclusion. This tax is calculated and reported to the CRA on Form T1172 "Additional Tax on Accumulated Income Payments from RESPs" and is due with the subscriber's income tax return for the year in which the payment is received.

The maximum lifetime amount of income eligible for transfer to avoid the penalty tax is \$50,000 per subscriber. Additionally, the RESP must be terminated by March 1 of the year following the year in which the first accumulated income payment is made.

The CRA's form T1171, "Tax Withholding Waiver on Accumulated Income Payments from RESPs" and a copy of the subscriber's assessment notice indicating his/her current year's RRSP contribution limit must be used by the subscriber to request that Invesco Trimark not withhold any tax on the direct transfer to an RRSP. Otherwise, the withholding tax rates are 30% for payments of \$5,000 or less, 40% for payments between \$5,001 and \$15,000 and 50% for payments greater than \$15,000 (for Quebec residents the rates are slightly higher). Note that these are simply withholding rates used by the CRA to estimate the amount of tax that may be due from the subscriber. The actual tax liability will be calculated by the subscriber when completing his or her tax return. The subscriber will then get credit for the taxes already withheld by Invesco Trimark when calculating the amount due to or from the CRA.

Clearly, it is beneficial for the subscriber to attempt to shelter any accumulated income payments from being subject to tax at rates that could be as high as 68% (including the 20% penalty tax). If he or she expects to receive accumulated income payments in the next year or two, the subscriber may wish to avoid making RRSP contributions in those years. This may make it possible to build up the RRSP contribution room necessary to be able to shelter the accumulated income payment and thus avoid the additional penalty tax.

An RESP must be terminated before March 1 of the year following the year in which the first accumulated income payment is made out of the plan. Therefore, when a subscriber is in a position to receive accumulated income payments, there may be advantages to spreading the payments over two calendar years. If the subscriber is transferring the amount to his or her RRSP or to a spousal RRSP, a transfer over two years may allow the subscriber to accumulate additional RRSP contribution room so that the penalty tax may be avoided on the amount transferred. Alternatively, if the subscriber has no contribution room (perhaps due to a pension adjustment), he or she can spread the accumulated income payment over two years to take advantage of graduated marginal tax rates each year.

Note that to avoid the penalty tax on the amount transferred to an RRSP or spousal RRSP, it must be deducted on the subscriber's tax return for the same taxation year in which the accumulated income payment is received. So, if a subscriber received the first accumulated income payment in April 2007, the subscriber must transfer that amount to his or her RRSP or to a spousal RRSP by February 29, 2008 and claim the RRSP deduction on the 2007 tax return. If the final accumulated income payment is received in February 2008, then this amount must be transferred to his or her RRSP or to a spousal RRSP by March 2, 2009 and deducted on the 2008 tax return to avoid the penalty tax. Note, however, as discussed above, withholding taxes of up to 50% will apply on accumulated income payments that are not transferred directly to an RRSP.

Payment to a Designated Educational Institution

In situations where an AIP cannot be made, the income proceeds are paid to a Designated Educational Institution. This is basically a forfeiture of the income as the subscriber does not receive a tax slip or a donation receipt.

What if the beneficiary does not attend a post-secondary educational institution?

If a beneficiary does not attend a post-secondary institution, the subscriber of a family RESP can name another individual connected to the subscriber by blood or adoption under 21 years old as a new beneficiary of the plan. If the RESP received Additional CESG, CLB or ACES Grant, the new beneficiary must be under 21 years of age and a sibling of all the existing beneficiaries.

When the subscriber replaces the beneficiary of an individual plan, the contributions of the RESP are deemed to have been made for the replacement beneficiary for the same dates they were made for the original beneficiary. The CESG is repaid unless one of the following conditions is met:

- The replacement beneficiary is under 21 and the brother or sister of the former beneficiary
- Both the former and replacement beneficiaries are under 21 and connected to the subscriber by blood or adoption and Additional CESG was not paid to the RESP

In a family plan, if one beneficiary doesn't attend a post-secondary institution, any CESGs paid into the plan can be used by the other beneficiaries up to a maximum of \$7,200 per beneficiary (see "Example five" on page 7); any excess must be repaid.

Conclusion

RESPs can be a tax-effective way to save for a child's post-secondary education. The introduction of the CESG program makes these plans even more attractive as savings and investment vehicles.

**For more information about
this topic, contact your advisor,
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The Income Tax Act (Canada), the Canada Education Savings Act, the Canada Education Savings Regulations, the Alberta Centennial Education Savings Plan Act and the Alberta Centennial Education Savings Plan Regulation take precedence over information contained in this article in event of discrepancies.

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