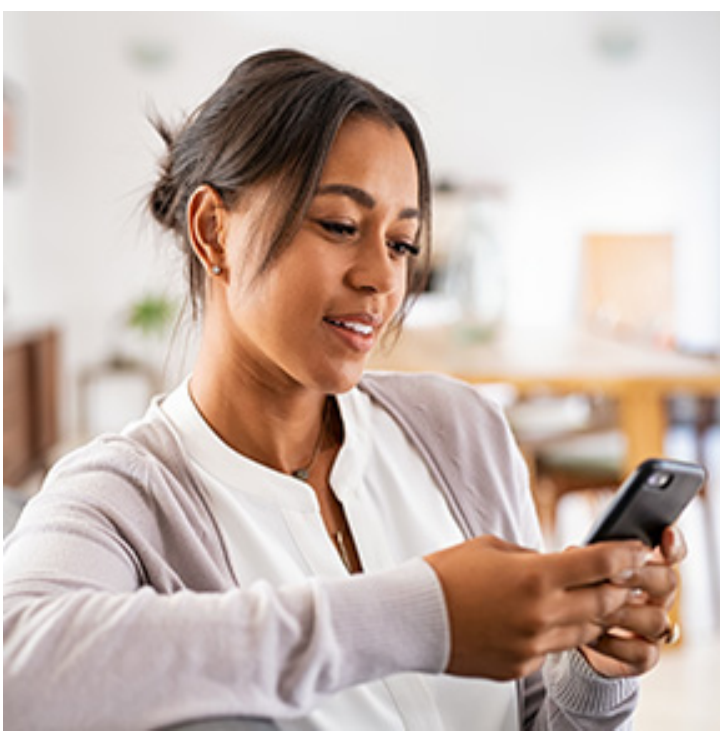


What is a GIC?

In Canada, a guaranteed investment certificate (GIC) is a deposit investment product sold by Canadian banks and trust companies. It's considered to be a low-risk investment and offers a guaranteed rate of return over a fixed period, ranging from a few months to several years. **GICs** are a popular investment option for retirement plans as they offer a predictable source of income. GICs are eligible to be insured by the Canada Deposit Insurance Corporation (CDIC) up to a maximum of \$100,000 CAD per CDIC member for each CDIC insured category.



How do GICs Work?

Here's a general overview:

- **Principal protection** – GICs are low risk as the principal is protected.
- **Investment amount** – GICs have a minimum of \$500 investment amount¹, and there is no maximum limit.
- **Term** – The investor chooses a term, ranging from a few months to several years. During this time, the funds cannot be withdrawn unless you had chosen a cashable GIC option.
- **Interest rate** – Rates vary depending on several factors, including the term of the GIC, the type of GIC and of course, the current economic climate.
- **Type of GIC** – There are numerous types of GICs available, including cashable and non-cashable. Cashable allows investors to withdraw their funds before the end of the term but generally offers lower interest rates. Non-cashable GICs have a fixed term and higher interest rates.
- **CDIC Insurance** – Eligible GICs are protected by the Canada Deposit Insurance Corporation (CDIC), which insures deposits up to \$100,000 per CDIC member for each CDIC insured category.

GICs can be a low-risk investment option if you're looking to save for the short or long term. Take a look at our **GIC rates**.

Types of GICs?

Cashable – This option allows you to withdraw your money before the term is up and generally offers a lower rate.

Non-Cashable – This is an investment option that provides higher interest rates in exchange for locking in your investment for a specific length of time.

Market Growth – A Market Growth GIC takes advantage of the growth potential of global stocks while protecting your principal investment. This type of GIC offers you the potential of a higher return based on stock market performance with a guaranteed minimum interest return. Simply put, if the market rises, your potential growth also rises.

Foreign Currency GICs – A foreign currency GIC is a Canadian investment product that allows you to earn interest in a foreign currency.

GICs can be held in non-registered and **registered accounts** (RSP, RESP, RIF, and TFSA). GICs held in registered accounts allow you to grow your savings tax-free while non-registered GICs are taxed by the government, and the interest earned is considered taxable interest income.

What are the different GIC terms available?

Short-term GIC – Short-term guaranteed investment certificates are simply GICs with terms of less than one year – anything from 30 to 364 days. Financial institutions will guarantee the principal (the original investment) plus an advertised rate of interest, but usually the shorter the term, the lower the interest rate.

Long-term GIC – Long-term guaranteed investment certificates (GICs) are simply GICs with terms that are one year or longer – typically 1, 2, 3, 4, 5, and sometimes 7 and 10 years. Financial institutions guarantee the principal (the original investment) plus an advertised rate of interest, and usually the longer the term, the higher the interest rate.

If you want a really short-term investment, look at the **100-Day** TD Special Offer GIC - Cashable. This can be a good option if you're looking for a low-risk investment with a relatively short turnaround.

Frequently Asked Questions

+ What is a GIC?

+ How do GICs work?

+ What are the benefits of investing in GICs?

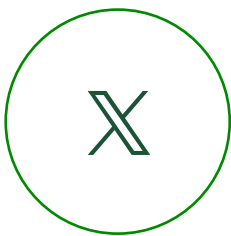
+ Drawbacks in investing in GICs?

+ How do I choose the right GIC for me?

+ Are GICs covered by insurance?

+ How can I buy a GIC?

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¹Investment minimum for RSP, **RESP**, and **RIF plans** for eligible products.

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