

# Is a GIC a good investment?

## How do GICs work?

A GIC is a principal-protected investment option that guarantees a level of return for a specified period while protecting your original investment. The longer the term, the better your rate may be. You can purchase GICs through banks and other financial institutions. 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.



## Pros & Cons of GICs

### Pros:

- **Guaranteed return** – Your return on investment is guaranteed based on the rate of interest determined at purchase
- **Low risk** – These investments are considered low-risk as they are principal protected and 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
- **Simple to understand** – GICs are usually straight-forward as all you have to do is deposit your money and wait for it to mature
- **No fees** – Since there are generally no fees associated with purchasing a GIC, it makes them an attractive investment option

### Cons:

- **Low return** – GICs are low-risk investments, which means they offer lower returns as opposed to stocks or mutual funds
- **Limited liquidity** – Other than cashable GICs, your money is locked in for a set timeframe, which means you're unable to access your funds should you need them
- **Opportunity cost** – Investing in a GIC could mean you miss out on other investment opportunities that can offer you a higher return

## What are my options when investing in a GIC?

Whether you're saving for a down payment, planning a wedding, or a major home reno, TD offers various **GICs** designed to help you achieve your unique investment goals in a stress-free way. Discover which TD GIC is **right for you**.

You can choose from different types of GICs:

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

**Non-Cashable** – This GIC requires you to leave your money invested for the full term and will probably offer you a higher rate of return.

**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.

If you want a really short-term investment, we also offer the **100-Day** TD Special Offer GIC- Cashable.

## When is it best to invest in GICs?

Since 2022, interest rates have been steadily rising<sup>1</sup>, which makes GICs a favourable investment. Purchasing a GIC now means you can lock in a higher interest rate and earn more money on your investment. GICs offer a greater rate of return than what you would earn from a savings account.

Higher interest rates can also make GICs more attractive in comparison to other investments, like stocks, bonds, or mutual funds, which may be more volatile.

## Should I invest in GICs?

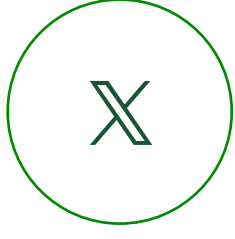
While we can't tell you how to invest your money, we can say that GICs are a great option and for numerous reasons.

First and foremost, GICs are often considered a solid investment option for those who want safety and stability in their investments.

They are also considered low risk because they offer a guaranteed rate of return over a specified period.

The options available for you are versatile and can fit into your investment strategy easily.

## Share this article



X



Facebook

## You may also be interested in

### Investing in a TFSA >

Learn more about how investing in a Tax-Free Savings Account (TFSA) can help you reach your financial goals sooner.

### Investing in GICs and Mutual Funds >

Learn more about GICs, as well as an introduction to Mutual Funds with TD.

## Related articles

### Should I keep cash or invest? >

Here are some occasions where you may want to consider putting your cash into an investment.

### How to save for your financial goals now >

If you're working and finding yourself with reduced expenses, you may be wondering about the best way to save. It all starts with setting your goals.

### Benefit from laddering maturities >

Learn how to help maximize your GIC returns and minimize the risk of interest rate fluctuations with laddering maturities.

Looking to grow your investment knowledge? Explore some of our best investing articles and tools.

See all articles

<sup>1</sup> Bank of Canada. Policy Interest Rate <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

## Ready to invest?

### Book an appointment

Meet with a TD advisor in person, online, or over the phone.

Book now

### Give us a call

Our advisors are ready to answer your questions and help you get started.

1-800-386-3757

### Locate a branch

Use our branch locator to find one near you.

Locate a branch

## Have a question? Find answers here

What's your question?

Ask Us

Popular questions >

## Deposit Insurance

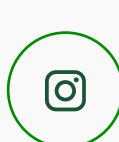
Your deposits may be insurable by the Canada Deposit Insurance Corporation.

Learn more >



Need to talk to us directly? **Contact us >**

Follow TD



Privacy & Security

Legal

Accessibility

CDIC Member

About Us

Careers

Manage online experience

Site Index