

Investing GICs in RRSPs and its benefits

What is a GIC and an RRSP?

A Registered Retirement Savings Plan (RRSP) is an account where you can invest in a variety of ways. RRSPs allow you to earn investment income and defer your taxes on eligible funds. A Guaranteed Investment Certificate (GIC) is considered a low-risk investment because it offers 100% principal protection with the potential for a return on your investment. GICs can be purchased within a registered or non-registered account.



Benefits of holding GICs in RRSPs

GICs are a popular method for Canadians to invest and save. While you can purchase GICs within a number of registered or non-registered plans, purchasing GICs inside your RRSP comes with several benefits, including:

- A safe and secure way to invest your money, as you're guaranteed not to lose your principal investment amount
- Offering interest over the life of the GIC so you know your rate of return on your investment
- Qualifying investments could grow tax deferred within your RRSP and you only pay tax on the money you withdraw
- Eligibility 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

Here's an example of how your investment of \$10,000 can grow when you purchase GICs in RRSPs:

If you invested \$10,000 in an RRSP over a 3-year term with a GIC paying 1.50% compound interest, you could potentially defer taxes as your guaranteed investment grows by \$456.78.

How to invest GICs in RRSPs

GICs are considered a safe, stable way to invest and build your personal wealth, especially in turbulent economic times. TD offers a variety of [GICs and Term Deposit Rates](#).

It's easy to purchase a GIC in an RRSP:

- Choose the amount you'd like to invest;
- Select the type of GIC you'd like to purchase;
- Select the duration of your GIC.

TD GICs are easy to understand, quick to purchase and come with no fees. They are a steady investment choice to help round out your overall investment portfolio. Our [GIC Selector tool](#) can help you choose the right investment for your goals.

Can I withdraw from my RRSP early?

The simple answer is "Yes". However, making early withdrawals* from your RRSP has three major impacts:

- Reduced potential to overall investment returns
- You'll have to pay tax on your RRSP withdrawals unless you're participating in the Home Buyers Plan or Lifelong Learning Plan and adhere to the repayment schedule
- Permanent loss of RRSP contribution room

*Early withdrawals mean taking money from your RRSP before it converts to a Registered Retirement Income Fund (RRIF), which must take place by the end of the year in which you turn 71.

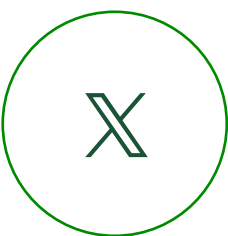
Should I invest in a GIC in an RRSP?

GICs are widely considered to be a safe, and stable investment type offered in Canada. GICs offer 100% principal protection with the potential of a return on your investment, based on interest rates and length of the GIC term.

You choose the interest rate available and the length of your GIC term. As a matter of fact, when the economic climate is stormy, GICs offer steady growth over a set period of time. Investing in GICs within an RRSP offers steady, guaranteed growth with the additional benefit of being tax-deferred.

There are also GICs that are tied to the performance of the stock market. Unlike traditional GICs, Market Growth GICs offer both a guaranteed minimum return plus a potential bonus return based on the performance of the underlying stock market linked to the GIC.

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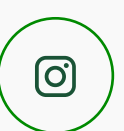
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