

Introduction to savings accounts

Whether you are building an emergency fund or planning to set money aside for a large expenditure in the future, it is a good idea to have a designed place to put your savings. Savings accounts are available at financial institutions and are a safe place to keep your money. Bank deposits up to a total of \$100,000 are automatically insured by the Canada Deposit Insurance Corporation (CDIC). Credit unions are regulated by province and their deposits are also covered by insurance. The amount of coverage will be different for each province.

Savings accounts have different features and interest rates depending on the financial institution you choose. Use the information below and the [Account Comparison Tool](#) created by the Financial Consumer Agency of Canada to help you compare and choose between different chequing and saving accounts.

Savings accounts

Features

- Earn interest on money kept in the account (interest is usually lower compared to other types of investments)
- Usually no minimum balance required and no monthly fees
- Limited or no in-branch and/or self-serve transactions
- Ability to set up automatic deposits from chequing account

Ideal for

- Setting money aside for shorter periods of time, such as a few months or up to a year
- Keeping emergency savings

High interest savings accounts

Features

- Earn slightly higher rate of interest than regular savings account (interest rate changes with the prime rate set by the bank)
- May have required minimum balance and fees for withdrawing money
- Limited or no in-branch and/or self-serve transactions
- May need to wait a couple of days before completing a withdrawal, therefore not ideal for emergencies

Ideal for

- Short to medium saving goals, such as for one to two years

Tax-free savings account (TFSA)

Features

- Deposit money similar to a regular savings account, or invest in different products such as GICs, stocks, and mutual funds
- Save and invest without paying tax on the interest or investment earnings
- Limited contribution room each year (the limit in year 2020 is \$6000)

Ideal for

- Medium to long-term saving goals, including retirement