Investing in registered accounts:

Investment options and what to ask your bank

Investment options in registered accounts

Registered accounts like the RDSP, RESP, RRSP and TFSA are called savings plans but can also be used as investment accounts to hold a variety of investment options. Below are some common investment options. The types of investment you choose will depend on your savings goals, how much time you have, and how much risk you are willing to take.

Bonds

Bonds are a type of investment where you lend your money to a government or company. You get paid interest over a period of time called a term. When the term is over, you get all of your money back. Government bonds typically have no risk, but corporate bonds may have some risk depending on the company you buy them from. You could use bonds to save for medium or long-term goals.

As of November 1, 2017, the Government of Canada is no longer offering the sale of Canada Savings Bonds or Canada Premium Bonds, but any that you have bought previously are still guaranteed and will remain accessible.

Guaranteed income certificates (GICs)

Guaranteed income certificates (GICs) are investments that work like a special type of savings deposit. When you buy a GIC from a financial institution or investment firm, you sign a contract to lend them a certain amount of money for a set period of time. In return, you earn interest on the money that is invested. The amount of interest you earn will depend on the type of GIC you buy and how long the term of the GIC is – longer-term GICs usually pay higher interest rates. Most people use GICs for medium or long-term goals.

Stocks

Stocks are a type of investment where you buy a small part of a company, called a "share", that is traded on the stock market. You can make money from stocks if the value of the company's shares go up and you sell them for more than you paid for them, or if you receive a small portion of the company's profits – called dividends. Buying stocks can be very risky because there is a chance that you will lose all of your investment. Stocks are not covered by deposit insurance. Stocks can be used for short, medium, or long-term investments.

Exchange-traded funds (ETFs)

Exchange-traded funds (ETFs) are similar to mutual funds in that they are a collection of investments, such as stocks or bonds. They are owned by a group of investors and managed by a professional money manager. They are different from mutual funds in that they are traded on the stock market and usually have lower management fees. The risk, rate of return, and fees of an ETF depends on the type you buy and how the investment performs.

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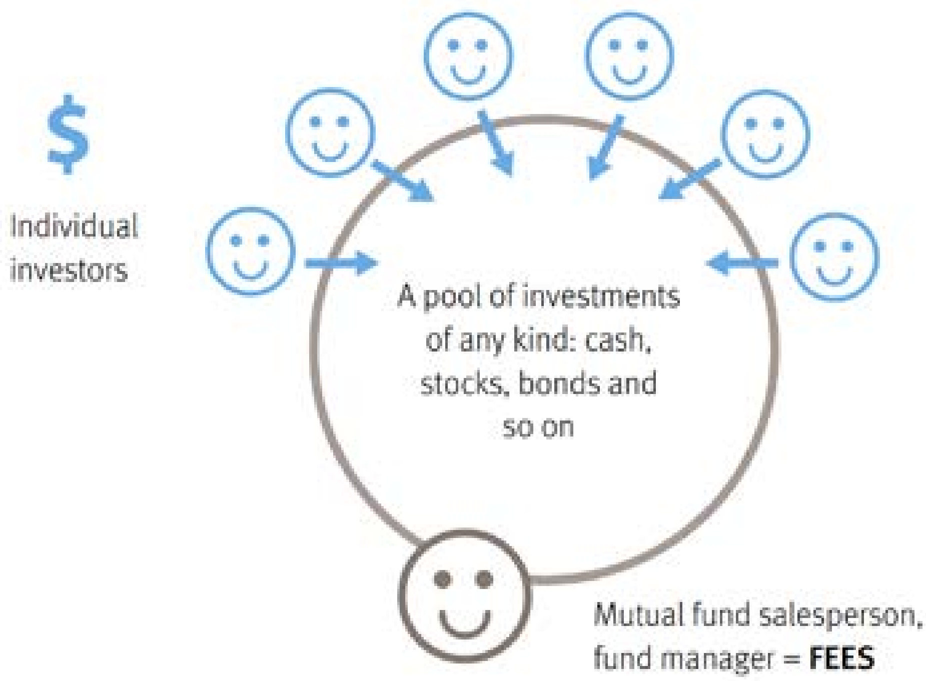
Mutual funds

A mutual fund is a type of investment that pools together money from a group of investors to buy a variety of stocks, bonds, or other assets. Mutual funds have different levels of risk and are not covered by deposit insurance. The rate of return (how much money you make from the investment) depends on the type you buy and how the investments within the fund perform. All mutual funds also have management fees that reduce your rate of return. Mutual funds are best for long-term investments.



Questions to ask your bank or financial advisor before buying an investment

The questions below are important to ask if you are considering buying a mutual fund or other investment products.

How risky is the investment?
How did the investment/fund perform in the past?
What are the costs and fees? What is the management fee/ratio?
(If the investment pays interest or dividends) How will I receive payments?
What happens if I need quick access to my money in case of an emergency?
How often will we check on my investments?
How can I book a meeting with you to discuss or check up on my investments?