

Asset building Glossary

Asset: A resource or item of value that you own. Examples are a home, savings account, investment, or personal property.

Bond: A kind of investment where you (an investor) lend your money to a government or a company for a period of time, at an interest rate.

Dividend: A portion of the profits of a company that is paid out to its shareholders.

Earnings: This means money earned from work, but it also means what you earn on savings and investments.

Guaranteed investment certificate (GIC): A type of investment where you deposit money with a financial institution for a fixed period of time and get a set rate of interest at the end of that period.

Interest: The amount of money you get paid when you lend a financial institution your money to invest. This can also mean an amount of money you pay regularly, at a particular rate, for borrowing money or delaying paying off debt.

Investment: A way to put your money to work so that it has a chance to increase in value.

Investor: Someone who makes an investment.

Maturity date: The date on which a bond, GIC, or term deposit is due to be paid out.

Mutual fund: A pool of money that is managed for a large number of investors by a professional money or fund manager.

Registered Disability Savings Account (RDSP): A type of Canadian account for holding savings and investments, intended for retirement savings. During your retirement, you can withdraw from your RRSP. You will pay taxes on the amount you withdraw. **Registered Education Savings Plan (RESP):** A special savings plan that allows people to put money aside for a child's education after high school. The government may also add money to the plan. **Registered Retirement Savings Plan (RRSP):** A special savings plan for people who are working and paying taxes. It helps you to reduce your taxes and save for old age at the same time.

Registered savings account: An account that is given special tax status by the government. They include registered disability savings plans (RDSPs), registered education savings plans (RESPs), registered retirement savings plans (RRSPs) and tax-free savings accounts (TFSAs).

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Risk: The possibility of being exposed to harm or loss. In some forms of investing, the risk is that you might lose money. Some investments have very low risk and some have higher risk.

Share: This is what you buy if you invest in the stock market. It means that you own a small part of the company. If the company does well, your shares increase in value.

Shareholder: Someone who owns shares in a company.

Stock: A share in a company that you buy if you invest in the stock market.

Tax-Free Savings Account (TFSA): A type of savings account in Canada that does not apply taxes on contributions, interest earned, dividends, or capital gains. You can withdraw from the TFSA without paying taxes on it. TFSAs have limits on the amount of money you can contribute each year.

Term: A set period of time.

Term deposit: A type of deposit with a financial institution that you earn interest on. You get your money plus the interest at the end of the set term (See Guaranteed Income Certificate).