

By communicating the benefits of CDIC deposit insurance to your clients, you can reassure them that if their savings are held in eligible deposits at a CDIC member institution, their savings are protected from \$1 to \$100,000.

**Quick facts:**

- CDIC is a federal Crown corporation created by Parliament.
- CDIC provides deposit insurance to protect the money deposited in member institutions in case of their failure. For a list of CDIC members go to www.cdic.ca.
- You don't need to sign up. CDIC automatically insures eligible deposits held in member institutions.
- You don't pay. CDIC's member institutions fund deposit insurance through premiums paid on the insured deposits that they hold.

**The ABC's of deposit insurance**

- **A** Accounts that are eligible – for example, savings and chequing accounts and GICs of five years or less + **held at**
  - **B** Banks and other financial institutions – insured deposits must be held at a CDIC member + **and held in**
  - **C** Canadian dollars – U.S. dollar and other foreign currency deposits are not eligible
- A + B + C = insured deposits**

**What's covered**

- CDIC insures eligible deposits at each CDIC member institution up to a maximum of \$100,000 (principal and interest combined) per depositor
- To be eligible for deposit insurance, deposits must be payable in Canada, and in Canadian currency
- Eligible deposits include:
  - savings accounts
  - chequing accounts
  - term deposits, such as GICs with an original term to maturity of five years or less and debentures issued by loan companies
  - money orders
  - travellers' cheques and bank drafts issued by CDIC members
  - cheques certified by CDIC members
  - eligible deposits held in registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs) and tax-free savings accounts (TFSA's)
  - accounts that hold funds to pay realty taxes on mortgaged properties

**What's not covered**

- U.S. and other foreign currency deposits
- Term deposits longer than five years
- Corporate or government bonds
- Debentures and notes
- Treasury bills (T-bills)
- Bankers' acceptances
- Principal protected notes
- Investments in mortgages, stocks or mutual funds

**Separate protection**

Many people deposit money into more than one account or financial product. CDIC insures eligible deposits SEPARATELY (up to \$100,000, including principal and interest) for EACH of the following:

- Savings held in one name
- Savings held in more than one name (joint deposits)
- Savings held in trust for another person
- Savings held in registered retirement savings plans (RRSPs)
- Savings held in registered retirement income funds (RRIFs)
- Savings held in tax-free savings accounts (TFSA's)
- Money held for paying realty taxes on mortgaged properties

**Savings held in one name**

• Savings or monies held in one name include those held in the name of an individual, association of persons, partnership, corporation or government.

CDIC deposit insurance covers up to \$100,000 of the total amount held in eligible accounts and financial products in the name of one depositor.

**Example:**

Your client has the following deposits at a CDIC member institution:

- Canadian dollar savings account worth \$15,000, including interest earned
- five-year GICs worth \$20,000, including interest earned
- U.S. dollar savings account worth \$10,000

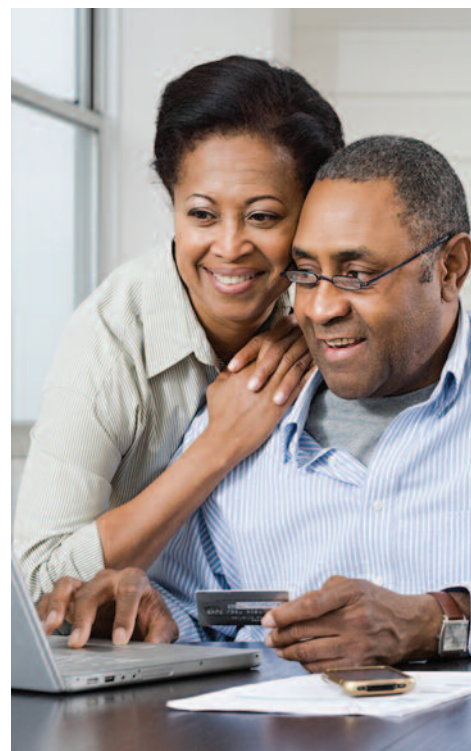
Only the Canadian dollar savings account and five-year GICs are eligible for deposit insurance protection, so \$35,000 worth of your client's deposits are protected if the institution fails.

**Savings held in more than one name (joint deposits)**

Savings or monies held in more than one name include those held by married couples, a parent and child, or business partners.

Separate deposit insurance coverage is provided for eligible deposits held in more than one name (joint deposits) up to a maximum of \$100,000.

In order for this separate deposit insurance coverage to apply, the records of the member institution must show that the deposit is jointly owned and must contain the names and addresses of each of the joint owners.



**Example:**

Your client has the following joint deposits at a CDIC member institution:

- eligible deposits worth \$75,000 held with a spouse
- eligible deposits worth \$75,000 held with a spouse and a child
- eligible deposits worth \$125,000 held with two business partners

The \$75,000 held by your client jointly with a spouse is eligible for separate deposit insurance. So is the \$75,000 held jointly with the spouse and a child. In addition, \$100,000 of the \$125,000 held jointly with the two business partners is protected. A total of \$250,000 of your client's joint deposits will be reimbursed if the institution fails, payable to each set of joint owners (NOT to each individual joint owner).

**Savings held in trust**

Savings or monies held in trust can include a grandmother (the trustee) who deposits money in trust for her grandson (the beneficiary) to use when he is an adult.

Separate deposit insurance coverage is provided for eligible deposits held in trust up to a maximum of \$100,000. Eligible deposits held in trust for another person (or persons) are insured separately from other deposits held by the trustee or a beneficiary in his/her own name at the same CDIC member.

**Example:**

Your client has the following deposits at a CDIC member institution:

- The client is the trustee of a family trust, and in that capacity, holds a five-

year term deposit worth \$250,000 for the benefit of Mary and Ron Jones. The CDIC member institution has a copy of the trust deed, which shows that Mary is entitled to 60% and Ron is entitled to 40%.

- The client has a chequing account worth \$15,000 and a three-year term deposit worth \$90,000.

The eligible deposits held in trust for Mary and Ron 60-40 would be eligible for separate coverage and would be insured up to \$100,000 in respect of each beneficiary (\$200,000 in total). The \$15,000 your client holds in a chequing account and the \$90,000 in a three-year term deposit, which total \$105,000, would be eligible for separate coverage, also up to \$100,000.

**Note:** In this situation there must be a legal trust as determined by trust law in the province where the trust is established. In addition, the records of the CDIC member institution must: (i) contain the name and address of the trustee (or of each one, if there are co-trustees); (ii) indicate that the deposit is held in trust, and (iii) contain the name and address of the beneficiary (or of each one, if there is more than one).

If there is more than one beneficiary of the trust, the records of CDIC member institution must show, by a specific date, a dollar amount or a percentage (which includes a fraction, share or other statement that is readily translated into a percentage).

**Savings held in an RRSP or a RRIF**

Separate deposit insurance coverage is provided for eligible deposits held in

Registered Retirement Savings Plans (RRSPs) or Registered Retirement Income Funds (RRIFs) up to a maximum of \$100,000.

Where the same person has both an eligible RRSP deposit and an eligible RRIF deposit at the same CDIC member institution, each is entitled to its own separate CDIC protection.

**Example (RRSP):**

Your client has the following RRSP deposits at a CDIC member institution:

- savings account worth \$8,000
- 60-day term deposits worth \$20,000
- one-year term deposits worth \$50,000
- three-year GIC through XYZ Trust Co. as RRSP trustee for your client, worth \$100,000
- mutual funds worth \$22,000

Your client's mutual fund investments are not protected by CDIC, as mutual funds are not deposits. The remaining deposits are eligible for deposit

insurance, as follows: the non-trusted deposits (savings account [\$8,000], sixty-day term deposits [\$20,000] and one-year terms deposits [\$50,000]) totalling \$78,000, are insurable separately from the three-year GIC (\$100,000) in the trusted RRSP.

**Note:** If an individual has both an RRSP or a RRIF that does not involve a trustee and a trusted RRSP or RRIF, and both plans hold eligible deposits at the same CDIC member institution, the eligible deposit in the individual's name and the eligible deposit in the trustee's name are not added together. Rather, they are separately insured because there are two different "depositors".

**Savings held in TFSAS**

Separate deposit insurance coverage is provided for eligible deposits held in tax-free savings accounts (TFSAs) up to a maximum of \$100,000.

**Example:**

Your client has the following TFSA deposits at a CDIC member institution:

- \$15,000 in a two-year GIC and \$70,000 in a savings account, for a total of \$85,000
- \$95,000 in a one-year GIC and \$25,000 in a savings account in a trusted TFSA through XYZ Trust Co, for a total of \$120,000

The \$85,000 in eligible deposits in the non-trusted TFSA would be insured up to a maximum of \$100,000 separately from the eligible deposits in the trusted TFSA, also to a maximum of \$100,000. Therefore the full \$85,000 would be covered in the non-trusted TFSA and \$100,000 of the \$120,000 would be covered in the trusted TFSA.

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**Note:** As with RRSPs and RRIFs, separate deposit insurance for deposits in trust can apply to TFSAs. This means that eligible deposits held in a TFSA that does not have a trustee are not added together with eligible deposits held in a TFSA that has a trustee.

**Savings held for paying realty taxes on mortgaged properties**

CDIC deposit insurance covers up to \$100,000 on deposits made toward realty taxes on mortgaged properties.

**Example:**

Your client has two mortgage tax accounts in the same CDIC member institution, as follows:

- \$500 in one mortgage tax account and \$300 in the other, for a total of \$800

CDIC would add up the amount in both accounts and pay up to \$100,000 of the total. Therefore, your client's full \$800 is protected.

**Contact us**

If your client has detailed questions about deposit insurance, invite them to contact CDIC's toll-free information line at **1-800-461-2342**, or you can call CDIC on their behalf to get further details about CDIC deposit insurance.

Additional information is available for you and your clients at **www.cdic.ca** where you can find a Deposit Insurance Calculator, an up-to-date list of CDIC member institutions, frequently asked questions and a variety of online publications.

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**Disclaimer**

Please note: This Reference Guide is designed to give general information about deposit insurance and should not be relied upon as definitive. The actual deposit insurance coverage provided by CDIC following the failure of a member institution is based on the deposit account records at the failed member institution and is governed by the Canada Deposit Insurance Corporation Act.



**1-800-461-CDIC (2342)**  
**www.cdic.ca**



THE CDIC QUICK REFERENCE GUIDE

**PROTECTION FOR YOUR CLIENTS  
FROM \$1 TO \$100,000 FOR ELIGIBLE DEPOSITS**

