

## FAQs about changes to CDIC deposit insurance

### Overview

The Government of Canada has amended the *Canada Deposit Insurance Corporation (CDIC) Act* to modernize and enhance Canada's deposit insurance framework. These changes come into force in two phases - April 30, 2020 and April 30, 2022.

The following FAQs provide information on the changes that will take effect on April 30, 2020 and will assist with responding to question raised by depositor regarding the new deposit insurance protection.

### General questions

#### Why has deposit insurance protection changed?

CDIC has protected Canadians' hard-earned savings for over 50 years and these changes help further strengthen deposit protection by keeping pace with the way Canadians save their money.

#### Why is deposit insurance changing in two phases?

The phased implementation will allow CDIC, its member institutions and other stakeholders to make the necessary procedural or operational adjustments to accommodate the changes.

#### What changes will take effect in each phase?

Summary of changes to deposit insurance coverage	
Change to deposit protection	Effective date
Expanded coverage of eligible deposits held in foreign currencies	April 30, 2020
Extended coverage of eligible deposits with terms greater than 5 years	April 30, 2020
Elimination of coverage for travellers' cheques (travellers' cheques are no longer issued by CDIC member institutions)	April 30, 2020
Separate coverage for up to \$100,000 in eligible deposits held under Registered Education Savings Plans (RESPs)	April 30, 2022
Separate coverage for up to \$100,000 in eligible deposits held under Registered Disability Savings Plans (RDSPs)	April 30, 2022
Removal of separate coverage for deposits in mortgage tax accounts (these deposits will be combined with eligible deposits in other categories such as savings in one name)	April 30, 2022
New requirements for deposits held in trusts, including nominee brokered deposits that enhance CDIC's ability to extend protection to these deposits and reimburse them quickly after a CDIC member failure	April 30, 2022

## **Do these changes mean that there is a problem with my financial institution?**

Banks in Canada are well regulated and discouraged from taking excessive risks.

These changes ensure that the deposit insurance legislative framework remains responsive to changes in Canada's financial services sector, and continue to reflect the various deposit products and services offered by banks and used by depositors.

## **What do I have to do to ensure that my money is protected with these new changes?**

CDIC coverage is free and automatic, but there are a few things you can do to protect your hard-earned money:

- Stay informed by getting familiar with the changes and by learning what is covered and what is not
- Keep your contact information at your financial institution up-to-date so CDIC can send payment if necessary
- Make sure your financial advisors or brokers know about CDIC's rules for deposit protection.
- Calculate your coverage by using CDIC's [deposit insurance calculator](#)

**FOR MORE INFORMATION, PLEASE CONTACT CDIC AT:**

**Telephone:** 1-800-461-2342

**TTY service:** 613-943-6456

**Email:** [info@cdic.ca](mailto:info@cdic.ca)

**Live chat @ [www.cdic.ca](http://www.cdic.ca):** Chat with us Monday to Friday, from 8:30 a.m. to 6:00 p.m.

## FAQs regarding changes in effect on April 30, 2020

CDIC COVERAGE AT A GLANCE Deposit insurance as of April 30, 2020	
<p><b>What's covered</b></p> <ul style="list-style-type: none"> <li>savings and chequing accounts</li> <li>GICs and other term deposits <b>(5yr term limit no longer applies)*</b></li> <li><b>Foreign currency deposits*</b></li> <li>money orders, certified cheques and bank drafts issued by CDIC members</li> </ul>	<p><b>What's not covered</b></p> <ul style="list-style-type: none"> <li>Mutual funds, stocks and bonds</li> <li>Exchange Traded Funds (ETFs)</li> <li>Cryptocurrencies</li> <li><b>Travellers' cheques*</b></li> </ul>

\* denotes a change in deposit insurance

### General questions

#### What are the changes to deposit insurance that take effect on April 30, 2020?

The deposit protection changes that take effect on April 30, 2020 include the following:

- expanded coverage to include eligible deposits held in foreign currency
- extended coverage to include all eligible deposits with terms greater than 5 years
- deposit insurance protection will no longer be provided for travellers' cheques

#### Do the changes to protection for foreign currency deposits and deposits with terms >5yrs mean that a depositor will get an additional \$100,000 in protection for each of these types of deposits?

No. These deposits will not receive separate deposit insurance protection. Instead, they will be combined with other deposits that a depositor holds in the same deposit insurance category at the same member institution. CDIC's deposit insurance categories include:

- deposits in one name, jointly held deposits, deposits held in trust for someone else, deposits in RRSPs, deposits in RRIFs, deposits in TFSAs and deposits in mortgage tax accounts.

So, for example, if a client holds funds in her own name in a CAD chequing account and in a USD savings account, these would be added together and CDIC would extend deposit insurance coverage up to a total of \$100,000 CAD. CDIC would convert the amount in the foreign currency account to determine the amount protected.

## **If I currently hold these types of deposits, will they be CDIC protected on April 30, 2020? What do I need to do to ensure they are protected?**

Yes. All foreign currency deposit and deposits with terms >5yrs already held at one of CDIC's member institutions on April 30, 2020 will automatically be eligible for coverage. Clients do not need to take any special action to receive this protection.

## **Why has deposit insurance protection been removed for travellers' cheques?**

CDIC protection has been removed for travellers' cheques since CDIC member institution no longer issue travellers' cheques and have not done so for some time. Travellers' cheques currently available for purchase are not issued by institutions covered by CDIC.

## **Foreign currency**

### **Is foreign currency a new category of deposit insurance?**

No. Foreign currency deposits do not receive separate coverage. They would be combined with other deposits in the same deposit insurance category. For example, savings in a US Dollar account would be combined with savings in a chequing account for the purposes of calculating deposit protection.

### **What foreign currencies are covered?**

As of April 30, 2020, all foreign currencies are eligible for CDIC deposit protection up to a maximum of \$100,000 (principal and interest combined) per depositor in each of the insured categories.

### **How will my foreign currency deposits be reimbursed in case of failure?**

Foreign currency deposits would be converted into, and be payable in, Canadian dollars.

### **What conversion rate would CDIC apply on foreign currency deposits in the event of failure?**

In the majority of cases, CDIC would use the conversion rates published by the Bank of Canada on the date of failure. If the Bank of Canada does not publish a rate for a particular foreign currency, then the rate would be based on whatever the rate was at the failed member institution on the date of failure.

### **Are my U.S. funds held at a U.S. bank covered by CDIC?**

No. Foreign currency deposits at foreign financial institutions are not covered by CDIC. American currency in U.S.-based banks may be covered, however, by the Federal Deposit Insurance Corporation (FDIC). Funds held in other foreign financial institutions may be covered by that country or region's deposit insurer, so be sure to check with them.

## **Will my foreign currency deposits held before April 30, 2020, be automatically covered by CDIC?**

Yes, eligible deposits in foreign currency will be protected even if the deposit was made prior to April 30, 2020.

### **Term deposits**

#### **What are the changes to coverage of term deposits?**

Effective April 30, 2020, term deposits of more than five years will be eligible for CDIC protection. The five-year term limit will be removed. Keep in mind that the deposits with terms of over five years would not receive separate coverage but would be combined with other deposits within the same category.

#### **Will my term deposits made before April 30, 2020 but with maturity dates of more than five years be covered by CDIC?**

The term deposit will be protected regardless of when the purchase was made. For instance, a seven-year GIC purchased in January 2020 will automatically be protected after April 30, 2020.

### **Travellers' cheque**

#### **What should I do if I have travellers' cheques?**

As of April 30, 2020, CDIC will no longer cover travellers' cheques in the event of failure of a CDIC member institution. If you wish to redeem travellers' cheques in your possession, you will need to contact your financial institution to determine whether they continue to be honoured.

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