



**CDIC**

Canada Deposit  
Insurance Corporation

# PROTECTING YOUR DEPOSITS

From \$1 to \$100,000



Canada

**Canada Deposit Insurance Corporation (CDIC) is a federal Crown corporation created in 1967 to protect the money you deposit in member financial institutions in case of their failure.**

CDIC's members are banks, trust companies and loan companies that display this sign:



## **WHAT DOES CDIC INSURE?**

CDIC insures eligible deposits you make with our members. Insurable deposits include:

- savings and chequing accounts;
- term deposits, such as guaranteed investment certificates (GICs), and debentures issued by loan companies;
- money orders and drafts;
- certified drafts and cheques; and
- traveller's cheques issued by members.

**To be eligible for deposit insurance protection, your deposit must be payable in Canada, in Canadian currency. Term deposits must be repayable no later than five years after the date of deposit.**

Not all deposits and investments offered by our members are insurable.

For example, CDIC does not insure:

- foreign currency deposits (e.g. accounts in U.S. dollars);
- term deposits with a maturity date of more than five years from the date of deposit;
- debentures issued by chartered banks;
- bonds and debentures issued by governments and corporations;
- Treasury bills; and
- investments in mortgages, stocks and mutual funds.

## WHAT IS THE MAXIMUM INSURANCE PROTECTION?

### Basic Protection

By law, the maximum basic protection for eligible deposits is \$100,000 per depositor (principal and interest combined) in each member institution. Deposits are not insured separately in each branch office of a member institution.

### Separate Protection

CDIC provides separate protection for joint deposits, deposits held in trust and deposits held in registered retirement savings plans (RRSPs) and in registered retirement income funds (RRIFs).

**You are responsible for ensuring that the member institution's records include all information required for the separate protection of these deposits. (see following sections for details)**

### Joint Deposits

Deposits you own jointly with someone else are insured separately from deposits in your own name, provided that the records of the member institution:

- indicate the deposits are owned jointly; and
- include the name and address of each joint owner.

The maximum insurance for all deposits having the same joint owners at each member institution is \$100,000 (collectively, not per individual owner).

### Trust Deposits

Deposits held in trust are insured separately from deposits owned individually by the trustee or the beneficiary, provided that the records of the member institution:

- state that the deposit is held in trust;
- identify the name and address of the trustee(s); and
- identify the name and address of the beneficiary(ies).

At each member institution, all eligible deposits having both the same trustee and the same beneficiary are combined, and the total is insured to a maximum of \$100,000.



If a trust deposit has more than one beneficiary, the portion owned by each beneficiary must be identified on the member institution's records and updated each year as of April 30. Each beneficiary's portion is insured up to \$100,000.

### **Registered Plans**

CDIC does not insure all funds held in registered plans. To be insurable, deposits must be held in savings accounts or in term deposits with a maturity date not exceeding five years, and must be payable in Canadian currency.

- Your maximum deposit insurance for all deposits held in RRSPs with the same member institution, including those placed by the trustee of your self-directed plan, is \$100,000 (principal and interest combined).
- Your maximum deposit insurance for all deposits held in RRIFs with the same member institution, including those placed by the trustee of your self-directed plan, is \$100,000 (principal and interest combined).
- Contributions you make to a plan for your spouse or common-law partner are combined with other deposits held in plans under the name of your spouse or common-law partner with the same member institution, not with deposits in your plans.

### **WHAT HAPPENS IF A CDIC MEMBER AMALGAMATES WITH ANOTHER MEMBER?**

If an amalgamation of CDIC members results in your total insurable deposits with the new member institution exceeding the \$100,000 maximum, your insured demand deposits (e.g. savings and chequing accounts) in each institution on the date of merger continue to be insured until withdrawn; insured term deposits continue to be protected until their maturity date. While your deposits total more than \$100,000, new deposits placed at the amalgamated member are not insured.

If your deposits made with the institutions before the merger total less than \$100,000, any new deposits you make at the amalgamated member will be added to those previous deposits, and the total will be insured to the \$100,000 maximum.

**Example:** The following example shows how deposit insurance applies to eligible deposits at a CDIC member institution.

DEPOSITOR	DETAILS		INSURED	UNINSURED
Carole	Savings	\$ 25,000	\$ 100,000	\$ 8,000
	Chequing	\$ 3,000		
	Term deposits	\$ 80,000		
		\$ 108,000		
Carole, RRSP	Term deposits	\$ 40,000	\$ 40,000	–
	Mutual funds	\$ 15,000	–	\$ 15,000
Robert, in trust for Carole	Term deposits	\$ 70,000	\$ 70,000	–
Paul	Chequing	\$ 2,000	\$ 27,000	–
	Term deposits	\$ 25,000		
		\$ 27,000		
Paul, RRSP	U.S. dollar savings	\$ 5,000	–	\$ 5,000
	Term deposits	\$ 50,000	\$ 50,000	–
Paul, RRIF	Term deposits	\$ 115,000	\$ 100,000	\$ 15,000
Carole and Paul, jointly	Savings	\$ 30,000	\$ 100,000	\$ 30,000
	Term deposits	\$ 100,000		
		\$ 130,000		
Paul and Robert, jointly	Savings	\$ 5,000	\$ 5,000	–

*All amounts include principal and interest.*

## WHAT HAPPENS IF A MEMBER INSTITUTION FAILS?

- It is not necessary to file a claim with CDIC.
- CDIC writes to the insured depositors advising them of how and when they will receive payment.
- Payments are made as soon as possible (normally within two months).
- The payment includes principal and interest up to \$100,000.
- No interest will be paid from the date the Court officially closes the failed institution, except in extraordinary circumstances (e.g. CDIC takes more than six months to repay insured depositors).
- To avoid collapsing registered plans, CDIC transfers the insured funds to another member.

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## HOW IS DEPOSIT INSURANCE FUNDED?

CDIC's member institutions fund deposit insurance through premiums paid on the insured deposits that they hold. If required, CDIC is authorized to borrow additional funds, which CDIC repays with interest.

**This document contains general information and is not intended to be a legal interpretation of Canadian legislation respecting deposit insurance.**

Additional information or a CDIC Membership brochure can be obtained by contacting a CDIC member institution or by calling toll-free **1-800-461-2342** (1-800-461-CDIC).

Web site: <http://www.cdic.ca>

E-mail: [info@cdic.ca](mailto:info@cdic.ca)

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