

# TERMS AND CONDITIONS

Canada Premium Bonds (CPBs) are issued subject to terms and conditions approved by the Minister of Finance which are summarized below.

In these terms and conditions:

- *bonds* mean the series of compound interest CPBs on sale on the date you completed the application and purchased the *bonds* pursuant to this application;
- *you* means the owner of an existing account in The Canada RIF or The Canada RSP;
- *registered plan* means a Registered Retirement Savings Plan or a Registered Retirement Income Fund within the meaning assigned to these expressions by the *Income Tax Act* (Canada) or provincial legislation; and
- *Trustee* means the trustee of The Canada RSP and The Canada RIF.

## **Buying bonds**

*Bonds* may only be purchased with Canadian currency in any amount subject to a minimum purchase amount of \$500 for each series of *bonds*. The Minister of Finance may end the sale of CPBs at any time.

To receive a particular series of *bonds*, purchase arrangements **must** be completed on or before the issue date of that particular series. A particular series of *bonds* may be purchased with the proceeds of a transfer-in from a *registered plan* up to and including 30 days after the issue date of that particular series.

## **Who can own bonds**

At the time of purchase, *bonds* may be registered only in the names of bona fide residents of Canada who already have an existing account in The Canada RIF or The Canada RSP.

These *bonds* do not have certificates. Your *bonds* will be held in your name by the *Trustee*. If you transfer your *bonds* out of The Canada RIF and into another *registered plan*, they will be held in the name of the trustee of that plan.

The maximum amount of principal that a person may own per series and per type of registration of CPBs is \$500,000. A person may own CPBs above this limit if they are purchased with the proceeds of a maturing series, or because the person received them upon the death of the spouse. Otherwise, the Minister of Finance may order that the CPBs in excess of the maximum limit be redeemed. No further interest will be earned on the amount of CPBs owned above this limit after the Minister's order to redeem. The Minister of Finance may change the \$500,000 maximum ownership limit at any time.

If there is any doubt whether a person is eligible to own CPBs and how they are registered, the Minister of Finance has the right to make the final decision.

## **Compound interest bonds**

Compound interest *bonds* accrue, in addition to simple monthly interest, annual compound interest at the rates determined by the Minister of Finance until the earlier of maturity or redemption by the registered owner. Accrued interest will be credited on each annual anniversary date for a particular series until maturity. If a compound interest CPB is redeemed prior to maturity, then simple and compound interest shall be payable to the owner up to the end of the month prior to the date of redemption (please refer to **Redeeming bonds** below).

## **Redeeming bonds**

CPBs may be redeemed prior to maturity with interest paid up to the end of the month prior to the date of redemption by telephone or by writing to the *Trustee*.

The minimum amount that may be redeemed is the lesser of \$100 or the balance remaining. The amount redeemed will be comprised of both principal and interest.

**No interest is earned on any bonds redeemed prior to three months after the issue date, unless the redemption is required to make a regular income payment from The Canada RIF. This includes new issues purchased when bonds in The Canada RIF mature and are automatically reinvested in a new series.**

**No interest is earned in respect of the calendar month in which bonds are redeemed.**

## **Transferring and assigning bonds.**

Subject to applicable laws in a manner acceptable to the Bank of Canada, *bonds* may only be transferred according to RSP/RIF governing laws as stipulated by Canada Revenue Agency (CRA).

The minimum amount that may be transferred and assigned for each series is the lesser of \$100 or the balance remaining.

If the *bonds* are transferred out of The Canada RIF or to The Canada RSP, the *bonds* will become governed by the respective terms and conditions governing the CPBs at the time they were purchased.

## **Maturing bonds**

*Bonds* held to maturity will automatically be reinvested into the next available CPB series.

## **Contacting the Trustee**

### **By mail:**

Canada Savings Bonds  
Registered Products  
P.O. Box 2390, Station D  
Ottawa, ON K1P1K8

### **By phone:**

1 800 575-5151  
1 800 354-2222 (TTY/Teletypewriter)

## **Contacting the Bank of Canada**

### **By mail:**

Canada Savings Bonds  
P.O. Box 2770, Station D  
Ottawa, ON K1P 1J7

### **By phone:**

1 800 575-5151  
1 800 354-2222 (TTY/Teletypewriter)

## **CORRESPONDENCE**

Regular statements will be issued as at the end of each calendar quarter and sent to the address on record and these will include a notification of upcoming bond maturities.