

TERMS AND CONDITIONS

Canada Savings Bonds (CSBs) purchased pursuant to the Payroll Savings Program are 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 CSBs on sale through the Payroll Savings Program on the date *you* completed the application and purchased the *bonds* pursuant to that application;
- *you* means the purchaser of the *bonds*; and
- *Trustee* means TD Canada Trust Company and its successors.

Buying *bonds*

You may only buy *bonds* with Canadian currency and in whole dollar amounts subject to the minimum and maximum purchase amounts per regular payroll deduction.

For *bonds* purchased within The Canada Retirement Savings Plan (The Canada RSP) by existing planholders, the minimum purchase amounts for each regular payroll deduction per type of registration are as follows:

- \$10 if *you* are paid once a week;
- \$20 if *you* are paid every two weeks or twice a month; and
- \$40 if *you* are paid once a month.

Regardless of how often *you* are paid, the maximum purchase amount for each regular payroll deduction is \$9,999.

Unless *you* have told your employer otherwise and your employer transmitted your new instructions to the Bank of Canada and/or *you* provided them directly to the Bank of Canada, *you* will have bought *bonds* according to the instructions *you* have correctly provided on the application as of the date the Bank of Canada receives your regular payroll deductions from your employer.

The Bank of Canada will calculate an annual amount based on the frequency and amount that *you* have specified on your enrollment application submitted by your employer to the Bank of Canada. During the ongoing contribution period, *you* can stop or decrease the amount of *bonds* *you* purchase by decreasing your contribution amount. In the event *you* had stopped contributing towards your purchase of *bonds*, *you* can resume contributions at any time during the year.

During the annual fall campaign sales period, *you* may increase or decrease the purchase amount to buy into the next available series.

The Minister of Finance may end the sale of CSBs at any time.

Who can own *bonds*

At the time of purchase, *bonds* may be registered only in the names of bona fide residents of Canada.

You can only purchase *bonds* in The Canada RSP if *you* have an existing plan and the *bonds* must be registered according to the registration information on record with the Bank of Canada.

The *bonds* have no certificates.

If there is any doubt whether a person is eligible to own CSBs and how the *bonds* may be registered, the Minister of Finance has the right to make the final decision.

Ownership Limits

The maximum amount of principal that a person may own per series of CSBs is \$500,000. A person may own CSBs 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 a person to redeem the CSBs in excess of the maximum limit. No further interest will be earned on the amount of CSBs 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.

Compound interest *bonds*:

Bonds will accrue simple daily interest, based on the daily closing principal balance outstanding for a particular series. In addition to simple interest, *bonds* will accrue compound interest daily, based on the daily closing credited interest balance outstanding for a particular series. Accrued compound interest will be credited on each annual anniversary of the issue date for a particular series. Interest is earned and accrued on the bond until the earlier of maturity or redemption by the registered owner. Compound interest shall initially be payable only after the first annual anniversary of the issue date. Simple and compound interest shall be payable to the registered owner at the time of redemption (please refer to **Redeeming *bonds***).

Redeeming *bonds*

Bonds purchased within The Canada RSP by existing planholders may be redeemed by the registered owner **at any time** by contacting the *Trustee* either by phone or by mail. **Ongoing contributions are subject to a 15 day hold period following the date the contribution is posted to the registered owner's account.**

Withdrawals from The Canada RSP are subject to applicable withholding tax.

The minimum amount that the registered owner may redeem is \$100 per series, or the entire balance held in that series, whichever is less.

No interest is earned on any *bonds* redeemed prior to the three months following the issue date.

Automatic Reinvestment and Payment of Interest

Upon the maturity of CSBs purchased pursuant to The Payroll Savings Program, and held in the Canada Savings Plan, the registered owner will be deemed to have authorized that the principal and interest will be reinvested by the Bank of Canada in a similar subsequent series, unless other instructions by the registered owner are received by the Bank of Canada. If no similar subsequent series is available upon the maturity of the above-mentioned CSBs, the registered owner will be deemed to have authorized the Bank of Canada to redeem these CSBs.

Exchanging *bonds*

Bonds cannot be exchanged for other Government of Canada investment products.

Transferring and assigning *bonds*

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

The minimum amount that may be transferred and assigned for each type of registration is the lesser of \$100 and the balance in *bonds* provided that for *bonds* transferred and assigned to The Canada RSP that are not from The Canada RIF, the minimum amount that may be transferred and assigned for each type of registration is \$500.

Errors

Neither the Bank of Canada nor the Minister of Finance will be responsible for any errors or omissions in any correspondence, statements, or receipts sent unless the Bank of Canada is advised in writing of such error or omission within 30 days.

Contacting the *Trustee* (*Bonds* purchased within The Canada RSP)

By mail:

Canada Savings Bonds
Registered Products
P.O. Box 2390, Station D
Ottawa, ON K1P 1K8

By phone:

1 877 899-3599
1 800 354-2222 (TTY/Teletypewriter)

CORRESPONDENCE

Statements will be sent to the address shown on record, and these will include a notification of upcoming bond maturities.

A REMINDER ABOUT THE PAYROLL SAVINGS PROGRAM

Unless *you*, the purchaser, tell your employer otherwise and your employer transmits your new instructions to the Bank of Canada and/or *you* provided instructions directly to the Bank of Canada, your regular payroll deductions will continue in future years to purchase new series of similar CSBs, according to the instructions *you* have provided.