

# Guide to Canadian **Banking Terms**

Start building your confidence about banking in Canada [here](#).





## **Welcome to Canada.**

We understand that moving to a new country can be challenging. For instance, some banking terms may be new to you. This guide can help you understand the common banking terms in Canada and feel more confident about banking in your new home.

# Day-to-day banking



## Chequing Account

You can use this bank account for your day-to-day transactions.

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## Savings Account

This type of account generally pays interest on the money you deposit in it.

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## Account balance

The amount of money in your account at any given time.

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## Debit card

A debit card is a card that gives you access to your deposit account and can be used to withdraw money directly from your bank account. You can use this card to pay for purchases you make at a retailer.

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## Visa Debit\*

Visa Debit\* is a feature on your TD Access Card that allows you to shop online, set up recurring bills/subscriptions and shop in-store when traveling outside of Canada (where Visa is accepted), using money directly from your bank account.

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## Automated Teller Machine (ATM)

A self-service machine where you can complete basic banking transactions and withdraw cash using your debit card or Credit Card, and a PIN.

## Day-to-day banking (cont'd)

### Cheques



A cheque is a financial instrument that instructs the bank to pay a specific amount of money from one bank account to an individual (or business). To pay by cheque, you add the payment information, sign it, and give it to the person that the funds are intended for. When they deposit the cheque into their bank account, the money will come out of your account.

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### Certified cheques



A type of cheque for which the issuing bank guarantees that there will be enough cash available in the holder's account when the recipient decides to deposit the cheque.

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### Bank drafts

Bank drafts are an alternative to certified cheques, where payment is guaranteed by the issuing bank. They can be purchased by visiting a branch.

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### Overdraft protection

By paying a fee, it's a way to help you cover occasional shortfalls from transactions that may occur in your chequing account and will cover if you withdraw more than you have in your account up to an approved limit.

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### Pre-authorized payment

These are recurring payments that come out of your bank account automatically. You can set up a pre-authorized debit (PAD) with a company, for example your utilities provider, to allow them to automatically withdraw a pre-determined amount of money from your account on a recurring basis.

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### Direct Deposit

Direct deposit is a way to receive payments into your account without having to deposit a cheque (an example of this is having your pay cheque deposited directly into your bank account).

# Credit Card

## Credit Card



A Credit Card is the digital and/or physical credit card for the Account that is issued to you. A Credit Card can be used to make purchases, cash advances or, if you have other accounts with TD – it can be used to access those accounts with TD. It also includes:

- Any renewal or replacement of the Card;
- Card number;
- The expiry date on the Card; and
- The CVV2.

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## Credit Card Account



The Credit Card account opened and maintained for the Primary Cardholder. The Primary Cardholder is responsible for the Credit Card Account and any Transactions charged to the Credit Card Account. This includes any Transaction made by any Additional Cardholder. To learn more about the Primary Cardholder's responsibilities for the Credit Card Account, please see your Cardholder Agreement.

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## Primary Cardholder



The customer who applied for a Credit Card, whose name is on the Account, and who is responsible for the Account.

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## Credit Card – credit limit



Credit Limit is the amount of Transactions that can be charged to the Account. The initial Credit Limit for the Account is provided in the Disclosure Statement. The Primary Cardholder is responsible to make sure that the total amount that they owe on the Account is never more than the Credit Limit. Transactions may be allowed which will cause the Balance to go over the Credit Limit. If the Credit Limit can be exceeded, this does not mean that the Account's Credit Limit has increased. The amount that exceeds the Credit Limit will form part of the minimum payment. For some cardholders, if the Balance goes over the Credit Limit, they may be charged an over limit fee. To learn if you will be charged an over limit fee, see your Disclosure Statement.

# Credit Card (cont'd)

## Credit Card – Available Credit



Available Credit is the amount of credit that is made available at any time on the Account. Available Credit will decrease when Transactions, including fees, interest charges and adjustments are charged to the Account. Some merchants may place a hold on a portion of the Account's Available Credit. Merchants may do this when they temporarily pre-authorize a Purchase amount or an estimated Purchase amount on the Account before completing the Transaction. When they do this, Available Credit is reduced until this pre-authorized amount is adjusted by the merchant.

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## Credit Card – Payment Due Date



The date in which the minimum payment on a Credit Card is due. The Payment Due Date is shown within your statement and is always at least 21 days from your statement date.

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## Credit Card – minimum payment



You must pay at least the minimum payment shown on your credit card statement on or before each Payment Due Date. If the minimum payment is not made on time, the Account will no longer be in Good Standing and this can impact the Account in different ways. To learn more about what can happen if you miss paying your minimum payment on time, see your Cardholder Agreement.

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## Annual fee



Select credit card products will charge Primary Cardholders an annual fee that must be paid once a year. Certain credit card products also charge an annual fee to add Additional Cardholders. To learn more about your annual fee and when these fees will be charged, see your Disclosure Statement.

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## Rewards based Credit Card



Credit Card products where points are reward points earned when you make qualifying Purchases with the Account linked with the Rewards Program. The number of points you earn will depend on the amount and the specific type of Purchase you make with the Account, and the type of Credit Card you have. To learn more about the Rewards Program, see your Cardholder Agreement.

# Credit Card (cont'd)



## Cash Back based Credit Card

Credit Card products where Cash Back Dollars are reward credits earned when you make qualifying Purchases with the Account linked with the Cash Back Program. The number of Cash Back Dollars you earn will depend on the amount and the specific type of Purchase you make with the Account, and the type of Credit Card you have. To learn more about the Cash Back Program, see your Cardholder Agreement.

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## Credit score

Credit score is a rating between 300 and 900 that lets financial institutions & credit lenders know your capacity to manage credit. The higher your score, the better your ability to manage credit is assessed.

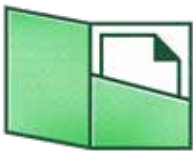
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## Credit history

A list of facts, gathered from financial institutions, retailers and other lenders, about how you have handled credit in the past. Positive credit information will stay on your file indefinitely, whereas negative credit information will stay on your file approximately 6-7 years depending on your province of residence. This information forms a profile of your creditworthiness, called your credit rating. Your credit rating is used to help banks and other companies to decide whether they will allow you to borrow money, and how much.

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## Credit bureau report

Credit history is compiled by Canada's central credit bureaus. When a financial institution considers an application for credit for an account, it will request the applicant's consent to access their credit report which provides a summary of the applicant's credit history.

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## Credit check

A review by a credit lender or other party (such as a prospective landlord) of a customer's credit history, in order to understand the customer's track record for repaying borrowed funds. If a lender or other party is conducting an initial credit check, it can only be completed with the customer's consent.

# Mortgage



## Mortgage

A loan secured by real estate.

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## Down Payment

The amount of money you put towards the purchase of a home. Purchase price minus down payment is the amount you need to borrow.

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## Mortgage Term

The length of the current mortgage loan agreement associated with your interest rate.

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## Appraisal

The process of determining the value of a property by an authorized appraiser, usually for lending purposes. This value may or may not be the same as the purchase price of the home.

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## Fixed Interest Rate Mortgage

A mortgage for which the rate of interest is fixed for a specific period of time (the term).

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## Variable Interest Rate Mortgage

A mortgage for which the rate of interest changes when the base rate changes. Payment amount may or may not change with that rate change.



# Mortgage (cont'd)



## Conventional Mortgage

A mortgage that does not exceed 80% of the purchase price or value of the home, whichever is lower.

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## High Ratio Mortgage

Mortgages that exceed 80% of the purchase price or value of the home (whichever is lower). High Ratio Mortgages must be insured against payment default by a Mortgage Insurer, such as CMHC (Canada Mortgage and Housing Corporation) and the borrower will need to pay the additional premium.

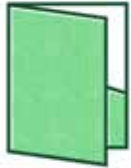
# Investing



## GICs & Term Deposits

A type of deposit that guarantees the repayment of your principal investment and usually pays a predetermined rate of interest for a specified amount of time.

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## Mutual Funds (MF)

A portfolio of investments managed by professionals on behalf of a number of investors, who own “units” in the fund.

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## Tax-Free Savings Account (TFSA)

An investment vehicle registered with the federal government that lets you grow and withdraw your money, tax-free and offers you the flexibility to save for various short-term and long-term goals. It’s important to be mindful of your TFSA contribution limit – the maximum amount that you can contribute to a TFSA in any given year.

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## Registered Retirement Savings Plan (RRSP)

A tax-advantaged investment vehicle registered with the federal government in which contributions are tax-deductible and investment earnings are tax-deferred. A registered plan that helps you save for your retirement by allowing you to make contributions with pre-tax money while deferring the tax until retirement. A portion of the funds may also be used to purchase your first home and pursue continuing education. It’s important to be mindful of the RRSP contribution limit – the maximum amount that you can contribute to an RRSP in any given year.

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## Registered Education Savings Plan (RESP)

A tax-advantaged investment vehicle registered with the federal government that enables you to set aside money specifically for a child’s post-secondary education. A registered plan that helps you save for a child’s post-secondary education with government grants and tax-deferred growth. You may also be eligible for additional grants and bonds based on your after-tax household income and province of residency.

# Money Transfer



## **Interac e-Transfer®**

Interac e-Transfer® is a funds transfer service between personal and business accounts at participating Canadian banks and other financial institutions, offered through Interac Corporation. You can send money to a person or business with an email address, or mobile and a bank account at a Canadian financial institution.

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## **Wires**

A wire transfer is an electronic funds transfer from one person or business to another, domestically or internationally. It is typically done at a branch, however some financial institutions also offer the service online.

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## **Global Transfer**

Global Transfer is a service that allows you to send money internationally by your preferred method right from your Account using your banking website or Mobile App.

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## **Western Union® Money Transfer<sup>SM</sup>**

You can send a Western Union® Money Transfer<sup>SM</sup> for cash pick up<sup>1</sup> to Western Union® Agent locations in over 200 countries and territories.

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## **Visa\* Direct**

You can send money from your account to your recipient's eligible Visa\* Card, both domestically and internationally.



## We're ready to help you move forward.

We look forward to supporting you every step of the way as you build your new life in Canada. **Visit us at any TD branch, call us at 1-866-222-3456 or visit [td.com/newtocanadasolutions](https://td.com/newtocanadasolutions) to learn more.**

<sup>1</sup>Western Union Agent locations may also make alternative pickup options available to the recipient.

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