

Guaranteed investment certificates and term deposits: know your rights

From: [Financial Consumer Agency of Canada](#)

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Guaranteed Investment Certificates (GICs) and term deposits are secured investments. This means that you get back the amount you invest at the end of your term. The key difference between a GIC and a term deposit is the length of the term. Term deposits generally have shorter terms than GICs.

Your right to information before you buy a guaranteed investment certificate or term deposit

Federally regulated financial institutions must give you key details before selling you a GIC or a term deposit. Specific requirements depend on the type of financial institution you're dealing with.

They must disclose the required information to you in a manner, and using language, that is clear, simple, and not misleading.

At or before entering into an agreement with you, they must disclose information to you, such as:

- the term of the product
- how and when the principal is to be repaid
- how and when the interest, if any, is to be paid
- if the annual interest rate is fixed, the annual rate of interest
- if the interest rate is variable:

- how they calculate it
 - the rate they use to calculate your interest rate (for example, the prime rate)
 - the actual interest rate at the time they disclose the information
 - how you may obtain the interest rate from them during the investment period
- any charges that apply and their impact on the interest payable
- the dates the investment period begins and ends (trust and loan companies only)
- if you can cash in the product before the investment end date. If you can, they must tell you how cashing it in early impacts the interest you earn
- if they can automatically reinvest your funds without a new agreement, details that would apply, including:
 - whether it's a fixed or variable rate, the actual interest rate, or the method to calculate it
 - the investment period
- if you can cancel the product and how
- if they can amend a term or condition and if so in what circumstances
- any risk associated with the product, including if no interest accumulated
- whether or not the Canada Deposit Insurance Corporation (CDIC) will insure the product

When you enter into an agreement by telephone

Before you enter into an agreement for this type of product by telephone, they must provide you with the above information verbally. They must also provide the information in writing without delay after selling you the product.

When you enter into an agreement electronically or by mail

Before you enter into an agreement for this type of product electronically or by mail, they must provide:

- the information listed above in writing
- the telephone number of a person who is knowledgeable about the terms and conditions of the product

Your right to information if the terms and conditions change

Before changing any terms and conditions of the product you bought, they must inform you in writing about:

- the change
- any potential impact on the interest payable to you

Your right to information about the current value of a product

If you want to know your investment's current value, they must disclose certain information to you without delay. This includes the principal (the amount you invested) and any interest earned on the day you made the request.

Your right to information about cashing in the product before its end date

Before cashing in this type of product before its end date, they must disclose to you:

- the amount of the principal and interest earned
- the amount of any penalty or charge for cashing in early
- the net amount you'll receive

Your right to cancel an automatic renewal

A federally regulated financial institution may automatically reinvest your funds at the original investment's end date. You can cancel this new investment within 10 business days of the start of the new term. If you're in this situation, check the terms and conditions of your original agreement. You can also contact them for details on how to cancel the product.

Your right to information before renewal or rollover

Banks must disclose certain information about any renewal or rollover of a product or service they may provide to you.

If the product or service is for a term of more than 30 days, they'll disclose the information:

- 21 days before the last day of the term, and
- 5 days before the last day of the term

For a product or service with a term of 30 days or less, they'll disclose the information:

- 5 days before the last day of the term

The information they must disclose to you includes:

- the interest rate that will apply
- any charges or penalties that may apply
- particulars of your rights and obligations

- the period within which they'll allow you to cancel the agreement

[Learn more about other types of investment and the basics of investing.](#)

When these rights apply to you

These rights apply when you're dealing with a federally regulated financial institution like a bank or federal credit union.

[Find out if your financial institution is federally regulated.](#)

[Learn more about how your banking rights are protected.](#)