GLOSSARY

Access Number - A secure code that gives you access to your bank and investments accounts on the web or through telephone services. Also called a User Identification Number (User ID).

Accidental Death Insurance - Insurance that pays money to you or your loved ones if you are hurt or killed in an accident. It does not cover death due to sickness or natural causes. Also called Accidental Death & Dismemberment (AD&D) insurance.

Account - An arrangement you make with a financial institution to handle your money. You can set up an account for depositing and withdrawing, earning interest, borrowing, investing, etc. **Account**

Fees - The fees you pay to a financial institution to have an account, deposit money, and use services.

Account Statement - A snapshot of everything that has happened in your account. This includes money that you put in, investments that you buy and sell, and fees that you paid. You often get statements monthly or once every three months.

Accredited Investor - In Ontario, you must have:
1. More than $1 million in assets, after debt. Assets can include cash, savings and investments, but not your home.
2. A yearly income over $200,000 this year and the prior 2 years (or $300,000 combined with your spouse).

Accumulated Value - What your money is worth after it earns interest, dividends, or capital gains. Includes the amount you started with, plus any increase.

Active Management - An investing strategy that tries to get better returns than a benchmark such as a stock market index. It often involves buying and selling investments more often.

Adjusted Cost Base (ACB) - A number that tells you the average price you paid for your investments, including commissions or fees.

Administration Fee - The fee that you pay to a financial institution to have an account, deposit money, and use certain services.

Administrative Body - A formal group that creates rules and regulations, then uses special tribunals or courts to enforce them. ***Example:*** the Ontario Securities Commission.

After-tax - The money you have left after you pay taxes on money that you made working or investing.

Annual Fee - The fee you pay to have a credit card, bank account or investment account.

Annual Growth - How much your money or an investment grows each year.

Annual Information Form (AIF) - A source of additional investor information not included in a company's prospectus or annual financial statements. Required by law and must be given to you free of charge if you request it.

Annual Percentage Rate (APR) - The total costs of a loan or other debt each year. It is stated as a percentage (for example, 5%). Use it to compare your borrowing options.

Annual Report - A financial report that a company prepares for its shareholders each year. Includes a balance sheet, financial statement, auditor's report, and information about the company's operations.

GLOSSARY

Annuity - A contract that you buy from an insurance company, often for your retirement. It gives you regular income, often monthly. How much you get depends on a number of things:
1. The interest rate when you buy the annuity. The higher the rate, the more income you will get.
2. The type of annuity. You will pay more to buy an annuity that gives you income for life, or makes payments to your spouse after you die.
3. Your age when the annuity begins. The younger your age, the more payments you'll likely get. So, you will get smaller payments than someone 10 years older.

Appraisal - An estimate of what your home or other property is worth today. Most often done by someone who is an expert or is certified by an organization or the government.

Appreciation - How much your money, investments or other assets go up in value as time passes.

Arbitration - A less costly way to settle a legal dispute than going to civil court. It puts your case in front of an impartial arbitrator. You must accept the decision as final. Available to all clients of firms that belong to the Investment Industry Regulatory Organization of Canada (IIROC).

Ask - The lowest price at which someone will sell a stock.

Asset - What a company or an individual owns or controls. ***Examples:*** buildings, equipment, property, a car, investments, or cash. Can also include patents, trademarks and other forms of intellectual property.

Asset Allocation - The way you divide your money across different investments, such as stocks, bonds, real estate, and cash. The goal is to lower risk by getting a mix of investments that fits your goals. If one investment doesn't work out, you hope another one will.

Asset Class - A type of investment, such as stocks, bonds, real estate or cash.

Asset Mix - The way you invest your money across the three main investment types: equities, fixed income and cash or cash equivalents.

Assuris - A not-for-profit organization that protects you against loss of life insurance benefits if a member firm goes out of business.

Audit - A process for checking that a company's financial statements are correct and complete. May also involve checking a company's policies, procedure and controls. Most often done by an independent expert called an auditor.

Auditor - A firm of Chartered Accountants who review and assess a company's financial statements. They make sure the numbers are right and fair.

Auditor's Report - In an annual report, the auditor's opinion on the company's financial data and other information.

Automated Teller Machine (ATM) - Also called a bank machine. A computerized terminal that you use to do your banking. For example, you can deposit cash or cheques, pay bills or take money out of your account.

Automatic Withdrawals - An arrangement you make with your financial institution to move money regularly from your savings or investment account into a chequing account.

Back-end Load - A sales fee that you pay when you sell an investment. Also called a "deferred sales charge." The fee often goes down to zero after a few years. Also, you may be able to withdraw up to 10% of your investment each year free-of-charge.

GLOSSARY

Balance Sheet - A view of the company's finances on a certain date. It sums up a company's assets, debts and how much money shareholders have invested in the company.

Balanced Fund - A mutual fund that invests in a mix of investments ranging from low to moderate risk. Its goal is to make you a reasonable return. Sample investments: stocks, bonds, and money market funds.

Bank - A financial organization authorized by government to offer services including personal or commercial bank accounts, credit cards, lines of credit and loans, investments, certified checks, bank drafts and cashier checks, and foreign exchange.

Bank Draft - A cheque that you buy from the bank. Unlike a personal or business cheque, the bank guarantees the cheque can be cashed. Also called a cashier's cheque, bank cheque, teller's cheque, or treasurer's cheque.

Bank of Canada - The central bank that sets Canada's money policies. These policies help keep the Canadian dollar stable. They also affect our economy and our money supply.

Banker's Acceptance - One of the safest and most popular forms of commercial paper. You loan your money to a corporation for a set period of time. But you don't make interest. Instead, you buy the investment at a discount and get the full value back on the maturity date.

Bankrupt, Bankruptcy - When a person or a company cannot pay its debts.

Barter - A trade or exchange of goods and services without the use of money.

Bear Market - A weak market where stock prices fall and investor confidence fades. Often happens when an economy is in recession and unemployment is high, with rising prices.

Benchmark - A yardstick that you can use to measure the performance of an investment.
Example: a stock market index may be a benchmark you can use to compare how well your own stocks are doing.

Beneficiary - The person(s), institution, trustee or estate you choose to give money, property or other benefits when you die. You may name beneficiaries in your will, insurance policy, retirement plan, annuity, trust or other contracts.

Benefit - Money, goods, or services that you get from your workplace or from a government program such as the Canada Pension Plan.

Bid - The highest price at which anyone is willing to buy a stock.

Bid-ask spread - The gap between the price a buyer is willing to pay and the price a seller is willing to accept.

Blue-Chip Stock - The stock of a leading company with a solid record of strong performance. For example, pays dividends, has a good management team, and offers superior products/services.

Board Lot - A standard amount of shares for trading, usually 100 shares. Set by stock exchanges.

Bond - A kind of loan you make to the government or a company. They use the money to run their operations. In turn, you get back a set amount of interest once or twice a year. If you hold bonds until the maturity date, you will get all your money back as well. Or, you can sell them early through a stockbroker. If you sell early and bond prices are up, you will make money. If prices are down, you will lose money.

GLOSSARY

Bond Laddering - A way to invest in bonds by buying bonds with different maturity dates. This helps you avoid having all your bonds mature when interest rates are down. It also lets you create a steady income from your bonds as they mature on different dates.

Book Value - For investors, it's what you paid for an investment. For companies, it's the true value of everything that it owns. If the company had to close its doors and sell everything, the book value is the amount that shareholders would get.

Branch Manager - A person who supervises employees in the branch of an investment firm or bank. Can deal with most concerns you may have with your financial adviser or bank staff.

Broker - A person who brings together someone who wants to buy investments with someone who wants to sell. Brokers often charge a fee or commission for buying and selling investments for you.

Brokerage Firm - A company, corporation, partnership, or other organization that buys and sells stocks, bonds and other investments for investors.

Budget - A monthly or yearly plan for spending and saving. You work it out based on your income and costs.

Bull Market - A strong market where stock prices rise and investor confidence grows. Often tied to economic recovery or an economic boom, as well as investor optimism.

Buying on Margin - A way to borrow money to buy investments.

Buy-sell-agreement - A legal contract between business partners or shareholders about who will own the business in the future. It covers things like: - Who can buy each partner or shareholder's share of the business
– When they can sell
– What price they will get.

Caisse Populaire - A credit union which conducts most of its business in French.

Call Option - An agreement that gives you the right to buy a stock, bond, or other investment at a set price within a set time period. Also called a "call." You buy a call hoping that the stock price will rise and you can buy it for less than its market price.

Canada Deposit Insurance Corporation (CDIC) - A crown agency that protects the Canadian dollars that you deposit with banks and trust companies. If the bank or trust company goes out of business, CDIC can reimburse you for eligible deposits, up to a set limit.

Canada Education Savings Grant (CESG) - A grant from the Government of Canada. It helps parents, family and friends to save for a child's education after high school.

Canada Mortgage and Housing Corporation (CMHC) - A Canadian government agency that oversees the housing industry in Canada. Its main job is to help Canadians get low- cost mortgages by providing insurance to lenders. Since 1954 one in three Canadian home buyers has used CMHC's programs.

Canada Pension Plan (CPP)/Quebec Pension Plan (QPP) - A government pension plan. It gives you monthly income starting as early as your 60th birthday. How much you get depends on what you paid into the plan while you were working. Also pays disability, survivor and death benefits.

Investor Education Fund
GetSmarterAboutMoney.ca

GLOSSARY

Canada Premium Bond (CPB) - A low-risk investment from the Bank of Canada. It offers a higher interest rate than a Canada Savings Bond. You can only redeem CPBs once a year. When? Either on or within 30 days of the anniversary date each year (the date that you bought it).

Canada Savings Bond (CSB) - A low-risk investment backed by the government of Canada. You lend the government money for a set period of time at a fixed rate of interest. You can get your money back at any time.

Canadian Bankers Association (CBA) - An organization that represents Canada's chartered banks. It also provides services to improve the well-being of both its members and consumers.

Canadian Foundation for Economic Education (CFEE) - A nationwide, non-profit, non-partisan organization that works to help Canadians understand and make better economic choices.

Canadian Investor Protection Fund (CIPF) - A not-for-profit corporation that the Canadian investment industry started to protect you from losses if a member firm goes out of business. Some limits apply. Approximately 200 investment dealers in Canada are members.

Canadian Securities Administrators (CSA) - A group of securities regulators that oversee Canada's capital markets and advisers who work in those markets. The goal: to protect to investors from unfair, improper and fraudulent practices while fostering a fair and efficient marketplace.

Cancelled Cheque - A cheque you wrote on your account that has been cashed. You may get the cancelled cheque back with your bank statement.

Capital - The value of your investments, savings, home or other assets. For businesses, it can include machinery, factories and goods they need to make products.

Capital Costs - What a business pays for land, buildings, and equipment. It does not include labour costs except for the labour used for construction. Unlike operating costs, capital costs are one-time expenses. Payment may be spread out over many years.

Capital Gain - The money you make when you sell an investment or some other asset for more than you paid for it.

Capital Gains Tax - A tax you may pay on money that you make investing.

Capital Loss - The money you lose when you sell an investment or some other asset for less than you paid for it.

Capital Markets - Where people buy and sell investments.

Capital Property - Property you own that could give you a capital gain if you sold it. Can include investments, a property other than your home and money from a trust account.

Car Insurance - Insurance that you can buy for cars, trucks, and other vehicles. It protects you against losses you may have due to a traffic accident.

Cash a Cheque - To convert a cheque into money. You can either deposit the cheque into an account or exchange it for cash.

Cash Equivalent - An investment that is like cash because it's easy to get your money back. It is safe and short-term. ***Examples:*** Bank accounts and Treasury bills.

GLOSSARY

Cash Flow - The sums of cash a business gets in and spends out during a set period of time. Cash flow can be a sign of a company's financial strength.

Cash Flow Statement - A record of the flow of cash in and out of a company over a set period of time.

Cash Position - The amount of cash a company has at a set point in time.

Cash Value - The amount of cash you save from your premium when you buy permanent life insurance. It goes into a separate cash account and grows over time. You can borrow against this sum or get it back as cash if you cancel your policy.

Certificate of Deposit (CD) - A deposit that you make to a bank for a set period of time. It is like a Guaranteed Investment Certificate, but you buy it in U.S. dollars. Although you can take the money back earlier, you will often pay a penalty.

Certified Financial Planner (CFP) - A financial planning expert who has passed exams in the areas of financial planning, taxes, insurance, estate planning, retirement, and more.

Cheque - A piece of paper that tells the bank to pay a specific person or company a specific amount of money.

Child Support - A payment that one parent must make to the other parent to care for and support children of a relationship or marriage that has ended. Sometimes the payment goes to a caregiver or guardian.

Civil Court - A court that resolves more complex disputes involving bigger claims. You must have a lawyer for this court.

Claim - A request for payment that you make to your insurance company when you have some kind of damage to your home, car or business.

Closed-end Fund - A type of fund that only issues a set number of units. You can buy and sell these units on a stock exchange.

Closing Costs - The costs you pay to buy or sell a home. Can include loan fees, appraisal fees, legal fees, title search, title insurance, survey, taxes and more.

Collateral - Property or assets that you use to back up (or secure) a loan or other form of borrowing. You may lose your collateral if you don't pay back your loan.

Collectibles - Items whose worth may go up over time because they are rare or have special value. ***Examples:*** artwork, antiques, coins. As an investment, they carry the risk that their value will not increase.

Collision Insurance - Pays for damage to your vehicle as the result of an accident. Often, you pay some of the cost yourself and your insurance covers the rest.

Commercial Paper - A kind of loan you make to a corporation. You buy the investment at a discount and you get the full value back on the maturity date. The time period is usually nine months or less.

Commission - What you pay to a broker or agent for their services. For example, you pay a fee to someone who buys or sell stocks or real estate for you.

GLOSSARY

Commissioner - In Ontario, a person appointed by the Minister of Finance to sit on the Ontario Securities Commission which administers the Securities Act. Commissioners hold hearings on breaches of the Securities Act.

Commodity - A raw material that trades in large amounts on a stock exchange. For example, grain, gold, and oil.

Commodity Pools - Like mutual funds, but they follow special rules and invest in special areas. For example, they may deal with investments in bulk goods such as wheat, cattle, gold and oil. Or, they may invest in options and futures.

Common Share - The most common type of stock you can buy. It makes you a part owner of the company and may give you the right to:
– Elect directors and vote on some corporate matters.
– Share in the company's success through dividends and/or capital appreciation.
– Share in any assets if the company winds up.

Common Stock - See Common Share.

Commuted value - The amount of money you will get as a lump sum if you leave a pension early. Complex to calculate because it involves determining the value today of a future pension payment. Only calculated when a member leaves a pension plan early.

Compliance Officer - A person in a financial institution who makes sure the employees follow the laws properly. If your branch manager cannot resolve a question or concern, write to the compliance officer.

Compounding - A way to grow your money faster. Instead of spending the money you make investing, you reinvest it so it can grow.

Consolidation Loan - A loan you take to pay off many other debts. Often a way to get a lower interest rate or a set interest rate that won’t change.

Consumer Price Index - The CPI, as it is called, measures the prices of consumer goods and services. It is used to track changes in the cost of living. When the CPI rises quickly, it’s often a sign of inflation.

Contract - A binding written or verbal agreement that can be enforced by law.

Contribution - Money that you put into a savings or investment plan.

Contribution Room - The amount you can put into a savings plan like a Registered Retirement Savings Plan (RRSP). If you do not put the full amount into the plan each year, you will have extra, unused contribution room that you can use in later years. ***Example:*** Let’s say you can contribute $12,000 to your RRSP this year, but you only save $2,000. You may put in $10,000 more next year, for a total of $22,000 (if your income is the same).

Convertible - An investment like bonds or preferred shares that you can change into common shares.

Convertible Life Insurance - Term life insurance that lets you change to permanent life insurance without any medical exam. You must make the change within a set period of time after you buy the term life policy.

GLOSSARY

Corporate Governance - The processes that a company uses to control its activities. It sets out the rights and duties of the board, managers, and shareholders. The goal is to make sure that a company acts fairly and follows the rules for sharing clear, correct information.

Coupon - The part of a bond that you give to your bank to collect the promised interest payments. Can be cashed on or after the due date.

Coverage - The protection you get from your insurance. ***Examples:*** Car insurance covers damages to your car, up to a certain amount. Home insurance covers damages to your home, up to a certain amount. The more insurance you buy, the more you are covered.

Credit - How much you can borrow. If you have good credit, you can borrow more.

Credit Card - A card that lets you buy things without paying cash. The card company pays the price for you; you must pay them back within a certain time or you will pay interest. You get credit cards from banks, stores, and other businesses if you qualify.

Credit History - A record of a person or company's past borrowing and repaying. Includes information about late payments and bankruptcy. Every time you apply for or get credit, and every time you make or don't pay on time, you build your credit history.

Credit Rating - A way to score a person or company's ability to repay money that it borrows. Your credit score is based on your borrowing history and financial situation, including your savings and debts.

Credit Report - A detailed report that shows your borrowing history, including any bankruptcies. Also includes a list of companies that have asked about your credit history.

Credit Union - A non-profit financial institution whose members own and operate it. Members can borrow money at low interest rates and make deposits. Sometimes large organizations set them up for their members or employees.

Creditor - A person or institution that lends money. To borrow from a bank or finance company, you must sign a legal contract that gives them the right to claim your car, home or other assets if you don’t pay back the loan.

Creditor Insurance - Insurance that you can get on most types of debt, including your mortgage, line of credit, credit card and loan. It pays off whatever you owe in case you get critically ill or injured, or die.

Critical Illness Insurance - Insurance that pays you a lump sum if you have a serious illness, such as cancer, heart attack or stroke.

Currency - Another word for a country’s money. It includes the coins and paper notes that the government issues.

Custody - A legal word that describes the relationship between a parent and child. A parent who has custody may have the right to make decisions for the child, and the duty to care for the child.

Death Benefit - Money that your life insurance or savings and pension plan(s) pays to your estate or beneficiary after your death. ***Example:*** If you contributed to the Canada Pension Plan, money may go to your estate, spouse or common-law partner and children.

GLOSSARY

Debenture - An investment like a bond where you are lending money to a government or company based only on their reputation. The borrower does not back the loan with any collateral. ***Example:*** A Treasury bill (T-bill).

Debit Card - A card that lets you access your bank account electronically. You may pay fees when you use it at some bank machines.

Debt - Money that you have borrowed. You must repay the loan, with interest, by a set date

Deductible - The amount you have to pay for damages before your insurance company will cover the rest of your costs.

Deductible Expense - A cost that you can deduct from your income when you file your income tax return. Lowers the tax you pay.

Deduction Limit - The most you can deduct for your RRSP contribution on your income tax return. For 2006 taxes, you can deduct 18% of your work income, up to $18,000. Any money that you put into a pension plan at work counts as part of your RRSP contribution.

Deferred Profit Sharing Plan (DPSP) - A plan that employers use to build a retirement fund for employees. The company pays a share of its profits into the fund. The money grows inside the plan tax-free. ***Note:*** employees cannot put their own money into a DPSP.

Deferred Sales Charge (DSC) - A sales fee that you pay when you sell an investment. Also called a "back-end load." The fee often goes down to zero after a few years. Also, you may be able to withdraw up to 10% of your investment each year free-of-charge.

Defined Benefit (DB) Pension Plan - A registered savings plan that promises to pay you a set income when you retire. A formula sets how much you will get. It is often based on your income when you were working and the number of years you have worked.

Defined Contribution (DC) Plan - A registered plan that tells you how much your company will save for you in a personal account. The amount is based on how much you make every year. The best deal is where you can contribute to and your employer matches your contribution. Also known as a money purchase plan. **Note:** DC plans don't guarantee what you will get when you retire. That depends on how well you invest the money over the years.

Deflation - A drop in the cost of goods and services over time. Often happens when the supply of money or credit shrinks, or when consumers or government cut spending. This means the same number of dollars will buy more.

Deposit - Money you put into a bank account or pension or savings plan. You may also have to pay a deposit to someone who rents or lends you something, such as a car.

Depreciate - Decrease in value of an asset over time due to wear and tear or obsolescence. Usually calculated for accounting or tax purposes.

Depreciation - The amount that something drops in value over time. ***Example:*** A home may go down in value if you don't maintain it well. A car or a piece of business equipment will go down in value as it wears out.

Derivative - An investment that is based on a contract that gives you the right to buy and sell at set prices. ***Examples:*** Futures, options and swaps.

GLOSSARY

Designation - A title that tells you that a person has qualified to work as a financial planner. For example, an adviser may get the Certified Financial Planner (CFP) credential based on their education, experience, exams and ethics.

Direct Deposit - A way to have money from your pay, investments or the government put into your account without a cheque. ***Example:*** You can ask the Canada Revenue Agency to deposit your tax refund directly into your bank account rather than mailing you a cheque.

Disability Insurance - Insurance that gives you income in case you get sick or hurt and can't work.

Disclosure - The information that a company must file with provincial securities regulators. Includes annual and quarterly financial statements, auditor's reports, prospectuses, and insider trading reports.

Discount - When something sells for less than its normal price.

Discount Broker - A stockbroker who charges lower fees to buy and sell investments, as opposed to a full-service broker. Does not provide investment advice.

Discount Brokerage - A brokerage firm that charges lower fees to buy and sell investments, as opposed to a full-service brokerage. Does not provide investment advice.

Distribution - A payment you get from a mutual fund or company stock. Funds must distribute any capital gains to shareholders at least once a year. This payment can take the form of cash or additional units. Some companies offer Dividend Reinvestment Plans (DRIPs).

Diversification - A way to try to reduce risk and get better returns by choosing a mix of investments. The idea is that some investments will do well at times when others are not.

Dividend - Part of a company's profits that it pays to shareholders. The Board of Directors sets the amount. For common shares, the amount varies. It may skip dividends if business is poor or the directors invest money in things like new equipment or buildings.

Dividend Reinvestment Plan (DRIP) - A plan that lets investors take extra shares or fund units instead of cash dividends.

Dividend Stocks - Provide regular income in the form of a dividend, which is a part of the company's profits paid to its investors.

Dividend Yield - A way to see how much money you are getting from dividends for each dollar you have invested in a stock. To calculate, you divide the total dividends you get in a year by the price of each share that you own.

Dollar-Cost Averaging - A strategy where you try to reduce the cost of buying securities by spreading your purchases out over time. You buy a set amount of a security, such as a mutual fund, at regular intervals. In the end, you average out your cost per unit.

Down Payment - The money you put into buying a large item like a car or home.

Earnings - For companies, it's the money they make and share with their stockholders. For investors, it's the money they make from their investments.

Earnings Per Share - A company's profit divided by the number of shares.

GLOSSARY

Education Assistance Payment (EAP) - The amount your child or other beneficiary gets from a Registered Education Savings Plan to help them pay for their education. EAPs only include money that you made investing and government grants. You can take back the money you invested any time.

Emerging Market - The financial markets of developing economies. Also called emerging economies. ***Examples:*** China, India, much of Southeast Asia, countries in Eastern Europe, and parts of Africa and Latin America.

Employee Stock Purchase Plan (ESPP) - A company-run program that lets employees buy company shares at a lower price -- as much as 15% lower than the price you would pay on the stock market. The money you put into the plan often comes off your pay.

Employment Insurance (EI) - A government plan that helps unemployed Canadians while they look for work or upgrade their skills. EI may also help Canadians who are sick, pregnant or caring for a newborn or adopted child, as well as those who must care for a family member who is seriously ill.

Encryption - A way to make it safer to send information online by putting data into a secret code.

Endorse (a cheque) - To sign the back of a cheque. Proves you are the person to whom the cheque was written.

Equities - Another word for investments in the stock market.

Equity - Two meanings: 1. The part of investment you have paid for in cash. ***Example:*** you may have equity in a home or a business. 2. Investments in the stock market. ***Example:*** equity mutual funds.

Equity Index - A way to measure the performance of equity investments that trade on a certain stock market.

Equity Mutual Fund - A mutual fund that invests in a broad mix of stocks. In most cases, an equity fund won't invest in any bonds.

Estate - The total sum of money and property you leave behind when you die.

Estate Planner - Someone who helps you plan how you will take care of your spouse, children or other family members if something happens to you. It takes a special knowledge of law and taxes.

Estate Planning - The plans you make to build wealth for your estate. Goals may include leaving the most money possible to your loved ones, with the least amount of taxes. Other goals may include caring for children, paying off debt or passing on a business.

Estate Tax - In the United States, a tax that your estate must pay after your death, before any property (such as real estate, cash and investments) can go to your heirs. In Canada, there is no estate tax. Instead, the government charges probate fees.

Estate Trustee - In Ontario, another term for executor. Someone whom you appoint to carry out the terms of your will.

Exchange Rate - How much one country's currency is worth in terms of another. In other words, the rate at which one currency can be exchanged for another.

GLOSSARY

Exchange Traded Fund (ETF) - A fund that chooses investments based on a market index or sector. ETFs trade on a stock exchange. They are not actively managed, so costs tend to be lower than regular mutual funds.

Executor - Someone you name to carry out the wishes that you set out in your will after your death. May be named by the court if you don't name one. In Ontario, an executor is called an estate trustee.

Expected Return - Estimated value of your investment in the future. Tells you the overall profit you might expect - either as income (interest or dividends), or as capital gains (or losses). Often expressed as a percentage.

Expenditures - A payment or the promise of future payment.

Face Value - What you pay to buy a bond or some other investment.

Family of Funds - A group of different kinds of investment funds managed by the same company.

Family RESP - An RESP for more than one child. The children must be your children, grandchildren, brothers, sisters and adopted children and grandchildren.

Family Trust - A trust created for family members. The trust may hold investments, a family business, rental property and more. Example: You could set up a family trust for your spouse children and grandchildren.

Finance Company - A company that makes loans but does not offer all the other products and services of a bank.

Financial Consumer Agency of Canada (FCAC) - A Canadian agency that protects and educates consumers about financial services.

Financial Institution - A company that offers services to the public, such as bank deposits, loans, investments in stocks, bonds, and money market instruments, etc.

Financial Planner - An adviser who looks at your financial situation and builds a complete plan to help you reach your goals. The process may cover: financial planning, risk management, investment planning, tax planning, retirement planning, and estate planning.

Financial Ratio - A ratio that you make using numbers from the financial statements of a business. You use these tools to assess how well a company is doing.

Financial Statements - Reports that sum up a company's financial data and tell you how it is doing. The four basic statements are: the balance sheet, income statement, statement of retained earnings, and statement of changes in financial position.

First 60 Days - The amount you contribute to your RRSP in the first 60 days of the calendar year (January and February). You can apply this contribution to either the current or previous tax year.

Fiscal Year - Any 12-month period that a company uses for its accounting records. The year does not have to start on January 1.

Fixed Income - An investment that pays regular income to you. ***Examples:*** Guaranteed Investment Certificates, Canada Savings Bonds and types of other bonds.

GLOSSARY

Fixed Income Mutual Fund - Funds that hold investments that pay interest (such as bonds and mortgages) or pay dividends (such as preferred shares). Most pay out income monthly.

Fixed Term Deposit - An investment that you buy and hold for a set period of time. You get back the money you invested only at the end of that time.

Flow-through Share - A share issued by a mining, oil or gas company to finance new exploration. This is often the main source of financing for junior mining companies. Gives investors a major tax break. You can deduct as much as 131.25% of your initial cost.

Foreign Tax Credit - A credit you claim on your income tax return for taxes that you paid to a foreign government on money that you made in a foreign country.

Front-end Load - A sales fee that you pay when you buy a fund. It reduces the amount you invest. Also called an Initial Sales Charge. ***Example:*** Let's say that you have $1,000 to invest in a mutual fund with a 5% front-end load. You pay a $50 sales fee and invest $950.

Fund Manager - A highly experienced investment expert with a strong track record. He or she invests the pool of money that people have put into the fund. The manager chooses investments that match the fund's goals for risk and return.

Fund of Funds - A mutual fund or hedge fund that invests in other funds.

Fund Return - What you estimate your mutual fund will earn in a year, minus the management fees and other costs. Often stated as a percentage of the money you invested. To estimate, look at how well the fund has done over various time periods in the past.

Fund Type - A way to group funds based on what they typically invest in. Types include: money market, Canadian fixed income, foreign fixed income, Canadian equities, U.S. equities, international equities and balanced (mix of fixed income and equities) funds.

Future - A contract that commits you to buy or sell a commodity, currency or stock market index at a set price on a set date in the future. Unlike an option, you can't change your mind later; you must do what your contract says you will do.

Future Income - Money that a business or income trust expects to make in the future. This income is less sure than current cash flow. Also, a dollar may be worth less tomorrow than it is today. That's why investors often discount the stated value of future income.

Generally Accepted Accounting Principles (GAAP) - A set of rules and guidelines for reporting financial information. Each country may have its own GAAP.

Gift Tax - A tax in the United States that you may pay when you give someone larger gifts of cash, investments, property or other assets. There is no gift tax in Canada.

Global and Foreign Funds - Funds that invest in foreign securities. Can give investors a way to invest in companies and markets outside Canada, but there are risks investing in foreign countries and foreign currencies.

Goods and Services Tax (GST) - A 6% charge (previously 7% before July 1, 2006) on the sale of most goods and services in Canada. You do not pay GST on groceries, rent, and services such as medical or financial services.

Gross Income - Your total personal income before you pay taxes or apply tax credits

GLOSSARY

Group Insurance - Insurance for a group, such as people who work for the same company, or belong to the same union or other association. Often costs less than insurance that you buy on your own, but not always.

Group Registered Retirement Savings Plan (Group RRSP) - A registered retirement plan that works a lot like a regular RRSP. You and/or your employer both put money for your retirement into the plan. Often, the money comes right off your pay so you won't be tempted to spend it first.

Group Scholarship Plan - An RESP where your savings are invested in a pool with money from other plan members. If you drop out of the plan, or your child does not go on to studies after high school, the money made investing your savings is shared among the other plan members.

Growth Funds - Funds that invest primarily in common shares of Canadian or foreign companies, but may hold other assets as well. The goal is typically long-term growth because the value of the assets held increases over time. Also called equity funds.

Growth Rate - The change in a company's revenues, earnings, dividends, etc., over a set period of time. Often stated as a percentage.

Growth Rate Per Year - Growth Rate Per Year is the annual growth of the investment after all market return and fees are taken into consideration. Often stated as a percentage.

Guaranteed - An investment that works a bit like a savings account, but pays higher interest. You get a set rate of interest for a set term (from 30 days to five years). At the end of the term, you get back the money you invested, plus interest.

Guaranteed Annuity - An annuity that guarantees to make a set number of payments. If you die before the guarantee period ends, the money goes to your estate. If you live on after the guarantee period, payments will continue until your death.

Guaranteed Income Supplement (GIS) - Extra money from the government for people with low-incomes who get Old Age Security. What you get depends on your income or your joint income if you have a spouse or common-law partner. GIS is not taxable.

Guaranteed Interest Annuity (GIA) - Like a GIC, but you buy them from a life insurance company, so you get different guarantees. And, you can name a beneficiary. The value grows as you deposit money and earn interest. Also called an accumulation annuity.

Guaranteed Investment Certificate (GIC) - An investment that works like a special kind of deposit. Most GICs pay you a set rate of interest for a set length of time. Some GICs base what you get on the performance of a benchmark such as a stock exchange index.

Guardian - A person that you give the legal responsibility to care for a child or adult who cannot take care of themselves. Often a guardian provides day-to-day care and also manages the child's finances.

Hacker - A person who works to break down the security measures that a company has in place to protect its computer and network systems.

Health Insurance - Insurance that covers some or all of your medical bills if you get sick or hurt.

Hedge Fund - A lightly regulated fund that pools people's money to invest in different investments. Hedge funds can invest in almost anything. They often mix different approaches to investing as a way to 'hedge' or protect investors from poor results.

GLOSSARY

Heir - A person you choose to leave some or all of your estate after your death. You name them in your will as your beneficiary.

High-interest-rate Savings Account - A savings account that pays a higher rate of interest. Some rules apply. ***Examples:*** You may have to make a minimum deposit. You may have to do your banking by phone or Internet. You may also have to wait a couple of days to take money out.

High Yield Bonds - Offer a higher return, like some equities, but with lower risk. Note: overall rating for risk is higher than other types of bonds, or sometimes not rated.

Holdings - Shares or other interests in a business. Also refers to investments in a portfolio.

Home Insurance - Insurance that covers your home and its contents against losses. Also covers you for accidents that may happen at your home.

Hourly Wage - The fixed amount you earn per hour.

Income Statement - See Operating Statement.

Income Tax - A charge you pay based on your total income from all sources. The Canadian government and your province set the rate.

Income Trust - An investment that holds assets that pay income to investors. An income trust often pays out income monthly, but there is no guarantee.

Index - A benchmark or yardstick that lets you measure the performance of a stock market, part of a stock market or a single investment. ***Examples:*** S&P/TSX, S&P/TSX Canadian Bond Index.

Index Bond - A bond with an interest rate that goes up if the cost of living rises.

Index Fund - A fund that invests in investments that track a specified target index or benchmark. For example, an index fund may track the S&P/TSX Composite Index. Also called an ExchangeTraded Fund (ETF).

Indexed Annuity - An annuity that pays less at the start, but raises your income each year. Helps you keep up with rising prices over many years. ***Example:*** An annuity with 3% indexing will pay about 21% less than a similar non-indexed annuity at first. After about 7 years, your income will be higher and keep going up.

Indexed GIC - A GIC that bases what you make in part on a stock market index. When the stock market is doing well, you make more. But if the stock market does badly, you will not lose money. You will get the stated interest rate.

Indexing - A way to invest that is based on choosing investments that track or mirror a stock market index. Your goal is to get the same return as the index.

Individual Pension Plan (IPP) - A retirement savings plan that allows bigger tax-deductible contributions than an RRSP. It is designed for people with higher incomes. It works like a defined benefit plan and must follow Canada’s pension plan rules.

Individual RESP - An RESP that you open for a single child or other beneficiary. The beneficiary does not have to be related to you by blood. You choose when and how much you want to contribute.

Inflation - A rise in the cost of goods and services over a set period of time. This means a dollar can buy fewer goods over time. In most cases, inflation is measured by the Consumer Price Index.

GLOSSARY

Inheritance - Property, money, titles, or debts that pass to you after someone's death.

Initial Public Offering (IPO) - The first sale of shares that a company offers to the general public. Also called a Primary Distribution.

Initial Sales Charge (ISC) - A sales fee that you pay when you buy a fund. It reduces the amount you invest. Also called Front-End Load. ***Example:*** Let's say that you have $1,000 to invest in a mutual fund with a 5% front-end load. You pay a $50 sales fee and invest $950.

Insider - Every director/senior officer of a reporting issuer; every director/senior officer of a company that is an insider or subsidiary of a reporting issuer; any person/company who owns or controls more than 10% of the voting securities of a reporting issuer.

Insurance - A contract (policy) you hold with an insurance company to protect you from losses. You can get insurance to replace your income if you get sick, hurt or die. You can also get insurance to pay for damages to your home, car or other property.

Insurance Agent - A person who is trained and licensed to give expert advice and sell insurance. Some get extra training so that they can also sell investments. They get paid by the companies whose products they sell.

Insurance Broker - A person who is trained and licensed to give expert advice and sell insurance. They can quote prices from a number of insurance companies.

Insurance Company - A company that sells insurance products. Some companies sell only life insurance. Some sell only property insurance. Others sell all types of insurance.

Interest - A fee you pay to borrow money. Or, a fee you get to lend it. Often shown as an annual percentage rate, like 5%. ***Examples:*** If you get a loan, you pay interest. If you buy a GIC, the bank pays you interest. It uses your money until you need it back.

Interest Rate - A fee you pay to borrow money. Or, a fee you get to lend it. Often shown as an annual percentage rate, like 5%. ***Examples:*** If you get a loan, you pay interest. If you buy a GIC, the bank pays you interest. It uses your money until you need it back.

Intestate - When a person dies without a legal will. The probate court then decides what will happen to their money, property and other assets.

In-trust - An informal account set up to hold assets for a beneficiary. A trustee manages the assets until the beneficiary reaches legal age. The person who sets up the trust can be the trustee or can appoint someone else. You can close the trust if you want to.

Invest - To use money for the purpose of making more money by making an investment. Often involves risk.

Investment - An item of value you buy to get income or to grow in value.

Investment Counsellor - An adviser who manages your investments for you. They often work for investment firms which can be independent or owned by banks. They often deal with wealthy clients with at least $250,000 to invest.

Investment Dealer - A firm that buys and sells a wide range of investments. They are likely a member of the Investment Industry Regulatory Organization of Canada (IIROC).

GLOSSARY

Investment Funds Institute of Canada (IFIC) - An association of the mutual fund industry. Its role is to serve its member firms, work together with regulatory bodies, and protect the interests of mutual fund investors.

Investment Industry Regulatory Organization of Canada (IIROC) - National self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

Investment Horizon - How long you expect to hold onto your investment. Based on when you believe you will need your money back. In most cases, the shorter the horizon, the less risk you will want to take with your money.

Invoice - A bill you receive from someone who has provided products and/or services to you. It lists the goods and services they gave you and shows what you owe.

Issuer - An organization that offers securities for sale to investors. ***Examples:*** corporations, investment trusts and government bodies.

Joint Account - A bank or investment account that you own together with another person. Most often people hold accounts jointly with their spouse.

Joint-and-last-survivor Benefit - An annuity that pays income to you and your spouse for life. Even if you die, your spouse will continue to get income. To cover the costs of this extra guarantee, the annuity pays less than a life annuity for one person.

Joint Life Insurance - Insurance that covers two or more people. The insurance company pays benefits after the first death.

Junk Bond - A bond with low ratings, often issued by new or less stable companies. The risk is higher that the company will not be able to pay back the people who buy its bonds.

Juvenile Life Insurance - Permanent life insurance that you buy for a child. The costs a re much lower than for adults. You choose when to give the child control of the policy.

Key Person Life Insurance - Insurance that provides money to a business if an important employee dies. It can help keep a company going and cover the cost of finding someone to take the place of that employee.

Labour-Sponsored Investment Fund (LSIF) - An investment fund sponsored by labour organizations. Must follow government rules and meet specific investment criteria. Often provides tax breaks for investors.

Laddering - A way to invest where you spread your money across the same investment with different maturity dates. Example: You can buy one five-year bond for $12,000, or put $3,000 into bonds that will mature in one, two, three, and five years.

Large-cap Stock - The stock of a company that has issued shares worth between $10 billion and $200 billion.

Lease - A contract where you make monthly payments for a long-term rental (often of a car or home). The lease spells out the terms you must follow, such as the length of the lease and the condition the rental item must be in at the end of the lease.

Legal Aid - Legal services that are offered to people or organizations that would not otherwise be able to pay for them.

GLOSSARY

Lender - Any person or organization that lends money.

Leverage - A way to make a larger investment by paying a part with your own money and borrowing the rest. The more you invest, the more money you can make. But if things don't work out, you will have bigger losses.

Liability - What a company owes, including money, goods or services.

Licensed - An adviser or firm that has met the standards set by the insurance industry.

Life Annuity - An annuity that pays you a fixed income for life.

Life Income Fund (LIF) - A fund that you open with the money from your pension plan when you leave your company or retire. They give you a regular flow of income, but they have rules about how much you withdraw each year.

Life Insurance - Insurance that pays cash to your family or other beneficiary after your death. This can give them income and help pay your funeral and other final costs.

Limited Partnership - A special type of business partnership. Two or more partners own and manage a business together, along with one or more limited partners who only invest money. The limited partners have limited liability for the company's debts.

Line of Credit - An account that you set up with a financial institution (often a bank) to borrow money. It lets you borrow what you need, when you need it, up to a certain limit.
Liquidity - Refers to how easy it is to change an investment or asset into cash, without affecting the price. Liquid assets include most stocks, money market instruments and government bonds. Your home or other property is not very liquid.

Living Trust - A formal account set up to hold assets for a beneficiary. You cannot take back the assets of the trust. A trustee manages them until the beneficiary reaches legal age. The person who sets up the trust can be the trustee or can appoint someone else.

Living Will - A legal document that sets out the medical care that you do or do not want in case you are ever not able to state your wishes.

Load - A fee or commission that you pay when you buy or sell units of a mutual fund

Loan - An agreement to borrow money for a set period of time. You agree to pay back the full amount, plus interest, by a set date.

Loan Insurance - Insurance that pays your loan payments if you lose your job or become sick or hurt and can't work.

Locked-in - An account that you cannot take money out of until you retire. In most cases, you can't get a cash payout. Your plan may make exceptions if you have a terminal illness, or a small pension benefit.

Locked-in Retirement Account (LIRA) - An account that holds money moved out of a pension plan. You may use one if you are changing companies and can take your pension savings with you. It works like an RRSP, but your money is locked in. You cannot withdraw the funds until you retire.

GLOSSARY

Locked-In Retirement Income Fund (LRIF) - A fund that you open with the money from your pension plan when you leave your company or retire. They give you a regular flow of income, but they have rules about how much you withdraw each year.

Locked-in RRSP - An account that holds money moved out of a pension plan. You may use one if you are changing companies and can take your pension savings with you. It works like an RRSP, but your money is locked in. You cannot withdraw the funds until you retire.

Long - An investment strategy where you buy a security you believe will rise in value.

Long-term Care Insurance - Insurance that helps cover the cost of nursing-home care, home health care, personal or adult day care. Most often for people above the age of 65 or with a chronic or disabling condition that needs constant medical help.

Lost Profit Potential - A way to measure the possible gains that you give up when you buy mutual funds, because you pay fees to an expert fund manager instead of investing that money yourself. Also called foregone earnings.

Lump-sum Payment - A large one-time payment of money.

Managed RESP - An RESP where you have professional money managers invest your money for you.

Management Discussion and Analysis (MD&A) - A section of a company's annual report where management discusses how the company is doing and what it expects will happen in the coming year. It may also talk about future goals and new projects.

Management Expense Ratio (MER) - The yearly cost of a fund investment, whether it makes or loses money. It covers investment management, marketing, administrative costs, and fees to salespeople (called trailer fees). It's written as a percentage of the fund's value, such as 3%.

Management Fee - A charge that you pay for having an investment professional manage an investment fund. The fee pays the managers for their time and skills. It may also cover things like communicating with investors and doing all the paperwork needed to run the fund.

Margin - A way to buy investments by borrowing money from a stockbroker. You must also invest some of your own money first. The extra that you borrow is your margin. Some rules apply about the size of margin that you can have.

Margin Account - An account you open to buy investments using money borrowed from a stockbroker. Limits apply to what you can borrow. Not available from companies registered only as mutual fund dealers.

Margin Call - A call that a broker makes to an investor when the margin in their account gets too high. This can happen if the value of your investments drops below a certain level. You will have to put more of your own money into your account to set it right.

Marginal Tax Rate - The amount of tax that you have to pay on each extra dollar of income you make. As your income rises, so does your tax rate.

Market Index - A measure of price changes in a stock market. Based on the performance of selected stocks, bonds or commodities. ***Examples:*** Dow Jones Industrial Average, S&P/TSX Composite Index, Standard and Poor's 500.

GLOSSARY

Market-linked - A guaranteed investment that works a bit like a stock as well. What you make is tied to the performance of an equity investment (such as stock or a stock market index). But you will not lose money if you hold the investment until it matures.

Market Price - The amount you must pay to buy one unit or one share of an investment. The market price can change from day to day or even minute to minute.

Market Return - Tells you how much a fund actually grew over a year, before the fund company deducts management and other fees.

Market Value - The value of an investment on the statement date. The market value tells you what you would have made if you sold the investment on that day. Example: If you had 100 units and the price was $2 on the statement date, their market value would be $200.

Material Change - Any information about the company that would have a significant effect on a stock's price once it becomes known to the public. ***Examples:*** Takeover, management changes, new products.

Maternity Leave - By law, the right of a new mother to take time off work to care for a child or make arrangements for the child's care. Also called Parental Leave because the term covers leave for new fathers and for adopting parents as well. May be paid or unpaid.

Mature - When an investment such as a bond reaches its maturity date. On that date, you get your money back without any penalty. Any interest payments stop.

Maturity Date - The date when an investment becomes due. On that date, you get your money back without any penalty. Any interest payments stop.

Maximum Loan Value - The most a dealer can lend you through your margin account. Based on a set percentage of your margin investment.

Mid-cap Stock - The stock of a company that has issued shares worth between $2 billion and $10 billion. Also called "middle cap".

Minimum Deposit - The lowest number of dollars you have to put in a bank account or other investment.

Minimum Payment - The minimum amount that you must pay, usually monthly, on a loan or line of credit. In some cases, the minimum payment may be "interest only." In other cases, the minimum payment may include principal and interest.

Minimum Wage - The lowest hourly wage a company can legally pay. Different provinces have different minimum wages.

Minimum Withdrawal - The smallest sum that you can take out of an account or investment at one time.

Minting, Mint - To make a coin by stamping metal; a place where money is coined.

Money Management - Planning how to protect and make wise use of your money. Includes budgeting, saving and investing.

Money Market - Low-risk investments that mature in less than three years and are very easy to turn into cash. This includes short-term GICs, bonds, and treasury bills.

GLOSSARY

Money Market Fund - A fund that invests in short-term, low-risk investments such as treasury bills, bonds and bankers acceptances. Some money market funds specialize in Canadian or US investments or invest only in treasury bills.

Money Order - A type of cheque that you can use instead of sending cash by mail. It is a trusted method of payment since you prepay the amount of the money order when you buy it from the bank.

Mortgage - A loan that you get to pay for a home or other property. Often the loan is for 20 years or more. You make a set number of payments for a set amount each year.

Mortgage Fund - A mutual fund that invests money in mortgages to create income for investors. The income comes from the payments the mortgage holders make.

Mortgage Insurance - Insurance you get to cover your mortgage payments in case you get sick, hurt, or die.

Mutual Fund - An investment that pools money from many people and invests it in a mix of investments such as stocks and bonds. A professional manager chooses investments that match the fund's goals for risk and return. You can redeem your fund units at any time.

Mutual Fund Company - An investment company that pools money from investors and invests it in a mix of investments, such as stocks, bonds, and money market investments. Most mutual fund companies offer a choice of more than one fund.

Mutual Fund Dealer - A company that buys and sells the shares or units of mutual funds for investors.

Mutual Fund Dealers Association (MFDA) - An industry group that represents companies that sell mutual funds. MFDA answers to the Ontario Securities Commission. It sets and enforces rules, by-laws and policies for its member firms.

Nasdaq - A computer-based system owned by the National Association of Securities Dealers. It provides price quotes and trades on over 5,000 shares. Stocks traded on the Nasdaq are often from smaller, more volatile companies, including start-up companies.
National Child Benefit - A government program that makes monthly payments to low-income families with children. Also provides other benefits and services to meet the needs of families with children.

Needs - What you require to live the way you'd like.

Net assets - For a person or company, the total of savings and other assets (for example, a house if you own one) minus any debts or liabilities

Net Asset Value (NAV) - The amount that a single mutual fund unit is worth in dollars. It is based on the value of the assets of the fund, less the fees, expenses and taxes, divided by the number of units in the fund.

Net Return - The amount you make from an investment after you pay fees and other costs, including taxes.

Net Worth - The value of all your assets, less what you owe.

GLOSSARY

New York Stock Exchange (NYSE) - The largest stock exchange in the United States by dollar volume and the second largest by the number of companies listed. Lists companies with shares worth $21 trillion in total, including $7.1 trillion in non-U.S. companies.

No-load Fund - A fund that does not charge a sales fee or commission when you buy or sell its units.

Non-Guaranteed - Investments that do not guarantee what you will make. You could lose some or all of your money. However, you could also get a higher return. ***Examples:*** Mutual funds, stocks, real estate, gold, income trusts, and hedge funds.

Not Sufficient Funds (NSF) - A term used in banking when a cheque cannot be cashed because there are not enough funds in the account. Many banks will charge you a fee for writing NSF cheques. You may also have to pay a fee to the bank where someone tried to cash your NSF cheque.

Notes to Financial Statements - Part of a company's financial statements. Provides important added information explaining significant or unusual events affecting the business.

Offering memorandum - A document describing the business of an issuer. This document is designed to help potential buyers make an investment decision when they are considering exempt-market securities.

Old Age Security (OAS) - Canada's largest public pension program. You qualify if you are age 65 and you have lived in Canada for at least 10 years after age 18. You may pay tax on your OAS income.

Ombudsman for Banking Services and Investments - An alternative, industry-sponsored service established in 2002 to resolve disagreements. Reviews unresolved complaints involving consumers and financial institutions, including investment dealers and most federally regulated trust and loan companies.

Online Banking - A secure way to do your banking using the internet. Also known as internet or web banking. You can pay bills, transfer money and more. In most cases, you only need a computer and an internet connection. You don’t need special software or hardware.

Online Brokerage - A brokerage firm that lets you make your own investment choices and carry them out over the Internet. You pay lower fees than if you used a full service broker.

Ontario Health Insurance Plan (OHIP) - Ontario’s government-run health plan. It gives each person who lives in Ontario free access to emergency and preventive medical care. Tax money from Ontario and the federal government pays for OHIP services.

Ontario Securities Commission (OSC) - Administers rules and regulations for the securities industry in Ontario. Protects investors from unfair, improper or fraudulent practices. Also fosters fair and efficient capital markets.

Open-ended Fund - A type of mutual fund where there are no limits on the number of units it can sell. If demand is high enough, the fund will continue to issue more. Will also buy back units when investors want to sell. Most mutual funds today are open-ended.

Operating Line - A type of loan that lets you borrow the money you need when you need it, up to a set amount.

GLOSSARY

Operating Statement - A detailed statement of income, spending and taxes for a business. It shows the health of the business over a period of time – including whether it has made or lost money. Also called an income statement.

Option - An investment that gives you the right to buy or sell it at a set price by a set date. The buy right is termed a "call" option, and the sell right is termed a "put" option. You don't have to exercise the option if you don't want to. You buy options on a stock exchange.

Other Fees - Some fund dealers charge a fee when you sell or transfer your mutual fund. The fee is deducted from your investment. Other fees may include account set-up, wrap account, or annual trustee fees for registered plans such as RRSPs or RRIFs.

Overdraft Protection - A loan from your bank that covers withdrawals if you don't have enough cash in your account. Overdraft protection can loan you money to cover ATM withdrawals, debit card purchases, electronic transfers, and cheques. A limit often applies.
Overtime - Each extra hour worked over 40 hours a week. **Parental Leave -** See Maternity Leave.

Password - A secret word or code you use to control access to your bank account or other private information. Anyone trying to access your account must know the password first.

Payday Loan - A small, short-term, high-rate loan that you can get if you have pay coming from work. A very costly way to borrow money. Also called a cash advance loan.

Payroll Savings Program - A way to have money taken automatically from your pay and put into a special savings account. The idea is that if you don't see the money, you won't miss it – or spend it.

Penny Stock - Low-priced stocks that typically sell for less than one dollar per share. Usually offered by companies with good growth prospects but limited assets and a short operating history.

Pension - A steady income you get after you retire. Some pensions pay you a fixed amount for life. Others save up money for you while you are working. You use that money to create income after you retire.

Pension Fund - An account that holds all the money that an employer and employees contribute for pensions. It also holds interest and investment earnings. The fund pays out pension benefits to plan members when they retire.

Performance Ratios - Tools that investment analysts use to assess the outlook for an investment.

Permanent Life Insurance - Life insurance that covers you for life. There are two main types: whole life and universal life. It pays money when you die (a death benefit) and lets you build cash savings (the cash value). You can save, spend or borrow against the cash value.

Permanent Whole Life Insurance - Permanent insurance that pays a set death benefit for a set cost to you. Also has a cash value.

Personal Identification Number (PIN) - A secret access code or password that you set up to access your accounts by phone, internet or bank machine. It stops other people from accessing your accounts.

Phishing - A type of fraud where a stranger poses as a trustworthy person or business to get your private information, such as passwords or credit card numbers. It is often done using email or an instant message.

GLOSSARY

Piecework - Work that pays based on the number of pieces produced, instead of an hourly wage or salary.

Policy - A written contract for insurance. It describes how long you are covered, what you are covered for, any part that you have to pay (the deductible) and what you will pay for the insurance (your premium).

Pooled fund - Investments where institutional, sophisticated, and high net worth investors contribute funds that are invested and managed by an investment manager. They are used to reduce trading costs.

Portfolio - All the different investments that an individual or organization holds. Includes stocks, bonds and mutual funds.

Portfolio Manager - An investment professional who manages your investment portfolio. For example, they buy, sell, and monitor investments that fit their clients' goals and tolerance for risk.

Power of Attorney - A legal paper where you give someone the power to make financial and health care decisions for you if you are not able. Rules vary from province to province.

Pre-Authorized Debit (PAD) - An arrangement you sign to have money taken out of your account on a set date. ***Examples:*** Mortgage payments, charitable donations, RRSP investments, and insurance payments.

Preferred Share - A type of stock that gives you the right to get regular, set dividends, get part of the company's assets if it closes its doors, and sell shares at set times or convert to common shares. Does not give you voting rights.

Premium - The amount you will pay each month to get insurance. The more insurance money your loved ones will get after your death, the higher your premium will be.

Present Value - Value today of money you will receive in the future. Calculated by reducing the future amount at an appropriate compound interest rate.

Price to Earnings Ratio - Tells you whether a stock's price is high, or low, compared to its earnings. ***Example:*** If a company's stock currently sells for $50 a share and its earnings per share are $5, it would have a Price to Earnings Ratio (P/E) of $50 divided by 5, to equal 10.

Primary Market - Where a new security is offered to investors for the first time. ***Example:*** buying a company's stocks from a company it hires to sell them (the underwriter).

Principal - The total amount of money that you invest. Or, the total amount of money you owe on a debt.

Principal Protected Note (PPN) - A hedge-fund linked investment. It guarantees that you get your money back after 5-10 years. It does not guarantee that you will make money.

Private Issuer - A company with no more than 50 security holders (not including employees or former employees). It does not sell its securities to the public.

Private Issuer Exemption - When a private issuer is allowed to sell its securities to certain individuals (such as a founder, director, officer, or accredited investor) without having to file a prospectus and without engaging the services of a registered dealer.

GLOSSARY

Pro Forma Earnings - An informal way to show investors how certain changes in a company may affect its results. Shows results "as if" the change had happened at the beginning of the reporting period.

Probate - Fees to settle your estate after your death. The probate process includes reviewing your will to make sure it is valid. Also includes paying your debts and giving your money and property to the beneficiaries you have named in your will.

Profit - A financial gain for a person or company. Equals the money left over after you subtract your costs from the money you made.

Profit After Fees - What you make on a mutual fund investment after you've paid the fund fees and other charges.

Pro Forma Financial Statements - Reports that help investors understand the affect of an actual or possible change in a company. Shows what would have happened to company results if the change had taken place at the beginning of the reporting period.

Projected Cash Reserve - The money that a company expects to have at some future date to fund its operations.

Projected Growth - The amount that a company expects its earnings to grow by some future date.

Property Tax - A tax charged on real estate by the local government. In most cases, the amount you pay is based on the value of your property. The money gives cities the dollars they need to deliver programs and services.

Prospectus - A legal document that sets out the full, true and plain facts you need to know about a security. Contains information about the company or mutual fund selling the security, its management, products or services, plans, and business risks.

Prospectus exemption - Allows a company lawfully to sell securities without providing a prospectus. Prospectus exemptions can be found in many places, including the Securities Act (Ontario), its General Regulation, and OSC Rule 45-501, "Exempt Distributions."

Put Option - An agreement that gives you the right to sell a stock, bond, or other investment at a set price within a set time period. Also called a “put.” You buy a put hoping that the stock price will drop and you can sell it for more than its market price.

Quarterly Filings - The financial reports that a public company must provide every three months to investors.

Real Estate Fund - A mutual fund that invests in the real estate industry to create income and capital gains for its unitholders.

Real Estate Income Trust (REIT) - A company that owns and sometimes operates income-producing real estate. Traded on major exchanges just like stocks and given special tax advantages. ***Examples:*** apartments, malls, offices, and industrial parks.

Real Return - What you make on an investment, after you remove the effect of inflation.

Real Return Bond (RRB) - A special Government of Canada bond that protects you from inflation. You get higher interest payments if the Consumer Price Index rises. You will also get back more money than you invested to keep pace with rising prices.

GLOSSARY

Realized Capital Gains - The money you make when you sell an investment for more than you paid for it. You have unrealized capital gains when you know that an investment has gone up in value, but you have not yet sold it.

Redeemable GIC - A Guaranteed Investment Certificate (GIC) that gives you the option to cash out early, without penalty. It guarantees that you will get your money back, with interest.

Redemption Fee - A fee that some mutual funds charge when you sell or redeem units. Unlike a deferred sales load, you pay this fee to the fund (not to a broker). It covers the costs of redeeming your units.

Registered - Advisers and investment companies licensed by a securities regulator to buy and sell investments or advise on investments. Also, accounts and retirement plans protected by income tax and other laws.

Registered Education Savings Plan (RESP) - A special savings plan that helps you save for a child's post-secondary education. The money that you save in the plan grows tax-free.

Registered Pension Plan (RPP) - A formal plan that provides benefits to you when you retire. Your employer puts money into the plan and sometimes you do too. RPPs are registered with the Canada Revenue Agency. You don't pay tax on the money in your plan until you take it out.

Registered Retirement Income Fund (RRIF) - A plan that holds your retirement savings and provides income after you retire. It works like an RRSP in reverse because you withdraw money instead of saving. There are rules about how much you take out each year.

Registered Retirement Savings Plan (RRSP) - An account that lets you save for retirement while lowering your income taxes. You choose how you want to invest your savings. You don't pay tax on any money in your account until you take it out.

Registrant - Investment firms and their employees registered with the Ontario Securities Commission. They must register before they can legally provide investment services.

Regulator - Agencies of the 13 provincial and territorial governments in Canada. They work together to coordinate and harmonize regulation of the Canadian capital markets. The Ontario Securities Commission is the largest regulator in Canada.

Remortgage - The process of getting more financing on a property that you already hold a mortgage on.

Reporting Issuer - A company that has issued voting shares, or sells shares, on any recognized stock exchange in Ontario. Must file a prospectus and obtain a receipt from the Ontario Securities Commission.

Resale Restrictions - Multilateral Instrument 45-102, "Resale of Securities," sets out the rules for reselling exempt-market securities.

Restricted Voting Shares - Like common shares, but with restricted or no voting privileges.

Retained Earnings - The total profits of a company. Equal to annual earnings minus all expenses and dividends. Sometimes reinvested in the business to drive future growth.

Retirement Compensation Arrangement (RCA) - A retirement savings plan that lets a company add to the pensions of higher paid employees. You don't pay tax on the money in your account until you take it out.

Retirement Income Fund - A retirement plan that lets you defer taxes on any money that you have in your account. You use it to create income from your retirement savings. You must withdraw a certain amount each year. ***Example:*** Registered Retirement Income Fund (RRIF).
Retiring Allowance Rollover - A special deposit to your RRSP based on money that you have received for long service, or when you lose your job. It does not affect your normal RRSP contribution limit.

Return - The gain or loss you make on an investment over a set period of time. It is often stated as a percentage. ***Example:*** a 5% rate of return.

Return on Investment - The profit or loss an investment makes in a year. Expressed as a percentage of the original amount invested. ***Example:*** 10% return= $10 profit on a $100 investment.

Revenue - A company's total annual sales, including discounts and returned merchandise

Reverse Mortgage - A special loan that lets you borrow back money you put into your home over the years. The loan may equal 10%-40% of your home's value. As long as either you or your spouse is living in the home, you don't have to pay back what you owe.

Right - Where a company gives its shareholders the chance to buy more shares before offering them to other investors. They are issued at a specified price within a specified period of time based on the number of shares each shareholder already owns.

Right of Survivorship - A legal agreement between people who are holding property jointly. It means that if one owner dies, the property will pass to the remaining owner. It cannot pass to another heir.

Risk - The degree of uncertainty about what you'll get back from an investment. Higher risk means more chance of losses. ***Example:*** Futures, options. Lower risk means there is less chance that you will lose any of your initial investment. ***Example:*** Bonds, treasury bills.

Risk Tolerance - How comfortable you are with not knowing what you will make from your investments. Also, how well you can live with losses if the stock market drops.

Royalty Trust - An investment related to energy products, often fossil and synthetic fuels.

Rule of 72 - A simple formula that tells you roughly how long it will take to double your money. ***Example:*** An investment growing at a rate of 8% per annum could be expected to double in value in approximately nine years.

Salary - A fixed amount that is paid to you regularly by your employer as wages. Usually worked out on an annual basis, not hourly.

Sales fees - Fees that you pay when you buy an investment. For mutual funds, they are also called "loads." They pay the financial advisors and mutual fund distributors who sell funds on behalf of mutual fund companies. You may get a lower fee if you ask.

Savings - The part of your income that you don't spend. The difference between what you make and your expenses.

Savings Account - A bank account intended for depositing funds. Pays interest and lets you withdraw cash at any time.

Savings Bond - A special bond that the federal and some provincial governments will issue, for example, the Canada Savings Bond (CSB). In most cases, it is sold at regular times each year and pays a set rate of interest. Fees are included in the cost of the bond.

Scam - When someone tries to make money by misleading or tricking another person.

Scholarship Plan - A type of Registered Education Savings Plan (RESP) that pools together the money of many investors. An investment manager invests the money for you, often in lower-risk, fixed-income investments, such as bonds and GICs. Enrolment fees are often high. And, there may be strict rules.

Scholarship Trust Company - A company that offers pooled Scholarship Plan RESPs.

Secondary Market - Where you buy a security from another investor, not the company that issued the stocks. Usually handled through a stock exchange.

Sector - A part of the economy where businesses provide the same or a related product or service. May also refer to a group.

Secured - A loan that you back with some assets, such as your home, car, or life insurance. The property that backs your loan is called your collateral. This makes it safer for a bank to give you the loan, so you can often get a better interest rate.

Securities Commission - A government group that enforces the securities act in each part of Canada. This act is made up of laws that set down the rules for issuing and trading securities. In Ontario, the Ontario Securities Commission regulates the investment industry.

Security - An investment that gives you part ownership of a company, such as a stock, mutual fund or bond. They often come with a piece of paper, called a certificate.

Segregated Fund - A Canadian insurance product sold only to Canadians. "Seg funds" offer a limited guarantee that protects part (75%-100%) of the money that you invest. In the event of your death, they pass to the person you name, without any probate fees.

Self-directed RESP - An RESP plan where you choose the investments you want to hold. You can choose one type of investment (for example, GICs or mutual funds), or you can mix and match different types, including GICs, mutual funds, bonds, and stocks.

Self-directed RRIF - A retirement plan that you use to create income after you retire. You can choose from a wide range of investments, or work with an adviser. There are rules about how much you take out each year. You don't pay tax on the money that stays in your plan.

Self-directed RRSP - A retirement savings plan that lets you choose from a wide range of investments. You can make your own choices, or work with an adviser. There are rules about how much you save each year. You don't pay tax on the money that stays in your plan.

Self-help Will Kit - A package of materials that helps people prepare a will without a lawyer. Most kits have pre-printed legal forms, instructions, and tips.

Self-regulatory Organization (SRO) - A non-government organization that ensures member firms meet agreed-upon standards set by provincial laws for securities. ***Examples:*** the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada.

Service Fee - The fee that you pay to hold a bank or investment account. It covers services that help you access and manage your money. You can pay for each service you use, or pay a flat fee that will cover a package of services.

Severance Pay - Money and other benefits that you may get when you lose your job. It reflects your years of service with your employer. Some conditions apply.

GLOSSARY

Share - A piece of ownership in a company. A share does not give you direct control over the company's daily operations. But it does let you get a share of profits if the company pays dividends. The two main types of shares are common shares and preferred shares.

Share Certificate - A document that represents a shareholder's part ownership of a corporation.

Shareholder - A person or organization that owns shares in a corporation. May also be called a stockholder.

Sheltered - An investment or savings plan that lets you grow your savings free of tax. ***Examples:*** Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), or Registered Education Savings Plan (RESP).

Short-selling - A way to make money on an investment that you believe will drop in value. You borrow shares of a stock and then sell them right away. When the price drops, you buy the shares back at a lower price and return them to the original owner.

Small Cap - A term for companies where the total value of all their shares is small. Typically describes newer businesses often fast growing and usually more volatile.

Small Claims Court - Handles relatively minor claims (under $10,000 in Ontario) for compensation and damages. No lawyer required.

Social Insurance Number (SIN) - A personal number you get from the Government of Canada. You need a SIN to use many government services. The Canada Revenue Agency uses the SIN for tax reporting purposes. SINs are issued by Human Resources and Skills Development Canada.

S&P 500 (Standard & Poor's 500 Index) - A US stock-market index made up of 500 stocks chosen for their market size, liquidity, and industry grouping, among other factors. It is meant to be a leading yardstick of US equities. Standard & Poor's tracks the data.

Specialty Fund - A speciality fund may invest in a specific geographical area (e.g., Asia) or a specific industry (e.g., high technology companies).

Speculative - High-risk investments that you buy to profit from a change in price. In most cases, you do not buy these investments for income or dividends.

Spousal RRIF - A RRIF that you create with money from a spousal RRSP.

Spousal RRSP - An RRSP for spouses or life partners where the higher earner puts money into a plan in their spouse's name. The spouse can use the funds after a certain time period. You use it to split income in retirement, which lowers the tax you have to pay.

Spousal Support - Money that one spouse has to pay to another, by law, after a divorce. Also called alimony.

Spousal Trust - A trust account that you set up for your spouse to defer tax. All income must be paid to your spouse and no one else can have use of the money, even by way of loan, during his or her lifetime. No tax is due until your spouse gifts or sells the assets, or dies.

S&P/TSX Composite Index - An index for the Toronto Stock Exchange that tracks the performance of Canadian equities. Standard & Poor's manages and maintains the data.

Stale Dated - Cheques older than six months, which are usually no longer valid.

GLOSSARY

Stock - An investment that gives you part ownership or shares in a company. Often provides voting rights in some business decisions.

Stock (Equity) Fund - A fund that invests in stocks (also called equities), rather than bonds, GICs or other investments. Often the goal is to provide long-term growth through capital gains.

Stock Exchange - An organization that supports stockbrokers and traders who trade stocks and other investments. Also supports companies who issue or redeem securities and pay income and dividends. The Toronto Stock Exchange is the largest in Canada today.

Stock Market - Where companies that need money for their operations do business with people who have money to invest. Supports the organized trading of stocks, in most cases through a stock exchange.

Stock Market Index - A listing that tracks a group of stocks and their value. The stocks all have something in common. They may trade on the same exchange, belong to the same industry, or be about the same size. Indexes can help assess the results of mutual funds.

Stock Option - A contract that gives you the right to buy (a call) or sell (a put) a stock at a set price within a certain period or on a specific date. You don’t have to use the option if you find you will lose money doing so.

Stock Purchase Plan - A plan that lets employees buy shares of their company. Often you can get the shares at a discounted price, or your employer will match the dollars that you put into the plan.

Stock Split - When a company takes steps to divide the shares it already has into more shares. The total dollar value stays the same. The price per share drops, so more people can afford to buy the stock than before.

Stockbroker - A licensed professional or firm that charges a fee for buying and selling investments.

Stockholder - A person or organization that owns shares in a corporation. May also be called a shareholder.

Strip Bond - A bond that has its interest payments separated off. This leaves you only the principal to buy, most often at a lower price because you don't get the interest. You get back the money you invest when the bond matures, without interest.

Student Loan - Money that the government or a financial institution lends to students to help them pay their education costs. These loans usually carry lower interests than other loans.

Succession Plan - The process of planning what will happen if a key person within a company leaves, retires or can no longer do their job.

Successor Annuitant - A spouse or common-law partner who you name as the sole beneficiary of your RRSP or RRIF. The plan will pass to your surviving spouse, and payments may continue without any break. You can only name your spouse or partner as your successor annuitant.

Symbol - The symbol for the investment when it is traded on a stock exchange. All stock traded on the Toronto Stock Exchange have a stock ticker symbol. You can enter that symbol on the TSX website to get an up-to-date stock price.

Systemic Withdrawal Plan (SWP) - A service that some mutual funds offer where they pay cash distributions to investors at set intervals.

GLOSSARY

Tax - A fee the government charges on income, property, and sales. The money goes to finance government programs and other costs.

Tax Bracket - The rate at which you pay tax, based on your income level.

Tax Break - A tax credit or tax deduction that lowers the tax you or a company owe. Governments often offer tax breaks to help people save, go to school, or pay costs such as child care.

Tax Credit - The amount you can deduct from your income when you file your taxes. This lowers the tax that you owe. The government offers many different tax credits, but you get them only if you qualify. In some cases, you get a cash payment.

Tax Deduction - A cost that you can deduct from your income when you file your taxes. It lowers the tax that you owe. ***Example:*** If you contribute $5,000 to your RRSP, you can deduct $5,000 from your income when you file your taxes.

Tax Rate - The rate at which you or a business pays tax on income. Often stated as a percentage, such as 25%.

Tax Return - The government form that you use to file your income taxes. You send the form to the Canada Revenue Agency.

Taxable Income - The amount of income you have to pay tax on, after tax credits and deductions.

Tax-free - Money that you don't pay tax on. Often you have to keep the money in a special account, such as a Registered Retirement Savings Plan (RRSP).

Telephone Banking - A service that lets you do your banking over the telephone. Uses a computerized system where you choose options by pressing numbers on your phone key pad. To keep your account secure, you must use a password or answer some special questions.

Term - The period of time that a contract covers, for example, an insurance contract. Also, the period of time that an investment pays a set rate of interest.

Term Annuity - An annuity that pays a guaranteed income for a set term, such as five, 10, 15 or 20 years. Also called a fixed term annuity. If you pass away before the end of the term, your payments will go to someone you name as your beneficiary, or to your estate.

Term Life Insurance Policy - An insurance policy that covers you for a set period of time (the term). It pays a set payment if you die before the end of the term. At the end of the term, you can choose to renew the policy or let it end.

Term Loan - A loan from a bank for a specific amount that you must pay back following a set schedule. The loan may have a floating interest rate. Term loans almost always mature between one and 10 years.

Thinly Traded - An investment, such as a stock, that does not trade often or in big amounts.

Ticker - An electronic record of current or recent trading activity on an exchange. Used to be printed on paper.

Time and a Half - Payment of one and a half times the regular hourly wage.

GLOSSARY

Time Horizon - The length of time that you plan to hold an investment before you sell it. It can range from seconds, for day traders, all the way up to decades, for buy-and-hold investors. Your time horizon depends on your goals.

Tip - The sharing of important information about a company not known to the general public. Also, optional extra sum of money that's given as a reward for excellent service.

Title - The legal right to own or hold an item.

Toronto Stock Exchange (TSX) - The Toronto Stock Exchange is Canada's largest stock exchange, North America's third largest stock exchange, and the sixth largest in the world.

Trade - The process where one person or party buys an investment from another.

Trailer Fees - Trailer fees are paid to salespeople monthly or quarterly for giving investment advice and other services to clients. The size of the trailer fee differs from one fund to the next and between fund companies.

Transaction - The process where one person or party buys goods or services from another for money. ***Examples:*** Taking money out of an account, buying something with a credit card, or taking out a loan.

Transaction Fee - The fee that you may pay when you buy or sell a stock or other investment.

Traveller's Cheque - A special type of cheque that you buy in set amounts, such as $100. They're a safe way to carry money when you travel. You can use them at hotels, stores, and more. If they are lost or stolen, you can replace them quickly, almost anywhere in the world.

GLOSSARY

Treasury Bill (T-bill) - An investment where you lend your money to the federal government or some provinces for a set period of time (the term). It does not pay interest. Instead, you buy Tbills at a price below what the government will give you at the end of the term.

Trust - An account set up to hold assets for a beneficiary. A trustee manages the assets until the beneficiary reaches legal age. There are two types of trusts: living trusts and testamentary trusts.

Trust Company - A company that offers the same services as a bank, and more. For example, it can also manage estates, trusts, and pension plans, which banks cannot do.

Trust Units - A way to represent the interests of each member of a trust. Assets often include property (real estate investment trusts), royalties from oil and gas production (royalty trusts), or business income (income trusts). May offer tax advantages to investors.

Trustee - A person or company that you appoint to manage the assets of a trust. You can name more than one trustee.

TSE 300 - The former name for a stock market index that shows how well the Toronto Stock Exchange is performing. The exchange was formerly called the TSE, but it is now called TSX. The index tracks the prices of about 300 key stocks that trade on the exchange. It is now called the S&P/TSX Composite Index.

Underwriter - In an IPO, an underwriter is a firm, often an investment bank, that buys stocks or bonds from the company issuing the IPO, and then resells the investments to investors.

Unit - What you buy when you invest in mutual fund. Like a share of a stock. For example, you could buy 100 units.

Universal Life Insurance - A type of permanent life insurance that lets you save up some of your payments (your premiums) in a cash account (the cash value). You can change your premiums any time. The amount your insurance pays will vary based on your premiums.

Unsheltered - A regular investment or account that does not shelter your money from tax. In other words, you have to pay tax on your savings and the money you make investing them.

Vesting - When you become a full member of a pension plan, your pension is vested. That means you have a right to your pension even if you leave the plan. Some rules apply, based on the type of plan, when you put money in, and how long you've been a full member.

Volatile - A stock or stock market that moves through wide price changes – sometimes on a daily basis.

Warrant - Gives you the right to buy more of an investment at a set price – which is often higher – by a set date. Frequently for sale when new preferred shares or common shares are offered for sale.

Whole Life Insurance - A type of permanent life insurance that lets you save up some of your payments (your premiums) in a cash account (the cash value). Your premiums are set. So is the amount of money your insurance will pay.

Will - A legal paper that sets out what you want to happen to your money, property, and other assets after your death. A will can also set out plans to take care of your children or other family members who count on you financially.

GLOSSARY

Withholding Tax - Tax that comes off your pay or other income and goes to the government before you get any money.

Witness - A person who watches you sign your will. You must have at least two witnesses. They must be of legal age, and they cannot be named in your will.

Workers Compensation - A government plan that pays you income if you are hurt on the job. Your employer pays money into the plan for you. Rules vary from province to province.

Wrap Account - An account where a broker manages your investments for a flat quarterly or annual fee. This fee covers – or wraps together – all the services you would have to pay, including investment advice.

Yield - Your yearly return on an investment. It's often stated as a percentage, such as 5%. With stocks, yield can be your yearly income from dividends. With bonds, it's the interest you get.

Yield Curve - A graph that shows how bonds of similar quality pay out different yields over the years.