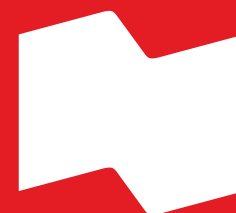




A PRACTICAL GUIDE FOR YOUR FINANCES AND LIFE IN CANADA



**NATIONAL BANK
OF CANADA**

Are you planning on immigrating to Canada? Have you already chosen Canada as the country you want to live in? Our practical guide on the financial system and life in Canada is both useful and educational. This document will help you take control of your personal finances and achieve your life goals. Follow along!




TABLE OF CONTENTS



MANAGING YOUR FINANCES IN CANADA

UNDERSTANDING CANADA'S FINANCIAL SYSTEM

- 6 Banks and credit unions
- 6 The Bank of Canada
- 7 Other financial institutions
- 8 Types of financial and banking advisors
- 10 6 tips and tools to prevent fraud and increase cybersecurity

OPENING AND MANAGING A BANK ACCOUNT

- 13 Documents you will need
- 14 Types of accounts
- 15 Debit cards, ATMs and branch locations
- 16 4 tips for good account management
- 17 Online services and apps
- 18 How to transfer money (locally and internationally)
- 19 Your account statement

UNDERSTANDING YOUR CREDIT REPORT AND CREDIT SCORE

- 22 What is a credit report and a credit score?
- 24 8 tips and tools to improve your credit



UNDERSTANDING AND MANAGING A CREDIT CARD

- 27 Benefits of a credit card as a payment method
- 28 Your credit limit, balance, minimum payment and interest
- 29 5 tips for managing your credit card and maintaining a good credit score
- 30 Your credit card statement
- 31 Choosing the right credit card for you
- 32 Other credit options and loans

BUILDING YOUR PERSONAL BUDGET

- 34 Create your personal budget in 7 easy steps
- 35 Tools for managing your budget

MANAGING YOUR SAVINGS AND INVESTMENTS

- 37 How and why to save
- 38 5 strategies for effective saving
- 39 How to invest your money
- 40 Types of saving plans and accounts
- 42 Types of investments

DECLARING YOUR TAXES

- 44 The Canadian tax system
- 45 Tax obligations for newcomers
- 46 How to file your taxes in Canada
- 47 Tax credits and deductions to save money on your tax return

UNDERSTANDING INSURANCE IN CANADA

- 49 Common types of insurance and the companies that offer them
- 50 Insurance policies and important terminology
- 51 How to choose the right insurance for your needs
- 52 When to update your insurance



BUILDING YOUR LIFE IN CANADA

HOUSING

- 55 How to rent a property in Canada
- 57 How to buy a property in Canada
- 59 Key things to know about mortgage loans

TRANSPORTATION IN CANADA

- 61 The difference between buying or leasing a car
- 62 Resources for financing your car
- 63 Public transportation in Canada

HEALTH AND WELLNESS SERVICES

- 65 Public health care system

WORKING IN CANADA

- 67 Available resources

STUDYING IN CANADA

- 69 Student Direct Stream program
- 70 Other financial resources and scholarships offered to international students

ADDITIONAL SUPPORT

- 72 Other resources



Click on this icon to return to the table of contents

MANAGING YOUR FINANCES IN CANADA



UNDERSTANDING CANADA'S FINANCIAL SYSTEM



BANKS AND CREDIT UNIONS

Canada has a well-regulated financial system, which offers essential services to individuals, businesses and the general economy through various institutions. Two common institutions that people use on a regular, if not daily, basis are banks and credit unions. Here is a brief overview of these two main categories:

Banks

In Canada, we are lucky to have a banking system that is considered one of the most stable in the world. While smaller local or provincial banks exist, the financial sector is dominated by a handful of major banks, including National Bank of Canada (NBC).

To keep client assets safe and secure, banks in Canada operate under the Bank Act and are subject to strict regulations and capital requirements. This leads to a greater sense of financial stability within the country.

Banks offer a wide range of crucial financial services, including deposit accounts (savings accounts, chequing accounts), loans (personal loans, mortgages, business loans), credit cards, investment services, insurance products and international banking services.

Banks use a combination of automated teller machines (ATMs), digital platforms such as mobile apps and an extensive network of local branches to serve their clients.

Credit unions

Credit unions in Canada are cooperative financial institutions owned and governed by their members. When you join a credit union as a member, you become a part owner and get to vote on certain matters impacting the credit union.

Credit unions offer similar financial services as banks, including savings accounts, chequing accounts, loans, mortgages, credit cards and investment services.

Since credit union members are also owners, there is often a focus on helping and educating members about financial matters.

As a member of a credit union, you may receive a dividend. The amount paid to members depends on their different products and services.

The services offered by credit unions, in particular the network of local branches and ATMs, are sometimes on a smaller scale than larger banks.



THE BANK OF CANADA

Canada's central bank (called the Bank of Canada or BOC) is a national body that operates in the best interests of the Canadian people but is intentionally independent of direct government oversight. One of its main functions is to control the inflation rate, which helps protect the value of Canadians' money. Here's how it works:

- The BOC sets monetary policy in Canada to keep inflation low and predictable (with a target range between 1% and 3%).
- One of the main ways they look to control inflation is through **the key policy interest rate**, which provides a guideline to how much interest financial institutions should charge for loans.
- When the BOC's key policy rate goes up, the interest rate for loans does as well; when the key policy rate goes down, the interest rates for loans also decreases.

OTHER FINANCIAL INSTITUTIONS

On top of banks and credit unions, other types of financial institutions also play a significant role in Canada's financial system, including:



Insurance companies

Insurance companies offer a way to protect your finances against unexpected loss or damage that affects you or your assets. By paying agreed-upon monthly or annual premiums, you could be entitled to financial support if something happens that is covered under your policy. For example, automotive (car) insurance can help cover the cost of repairs if you are in a car accident.

There are many categories of insurance coverage, including life insurance, health insurance, automotive insurance, home insurance and business insurance. Each of these will come with unique conditions and coverages (see page 50 for more insurance information).

Investment companies

Investment companies manage investment funds and offer investment advisory services to individuals, corporations, pension funds and others.

They offer a range of investment products, including mutual funds, exchange-traded funds (ETFs), segregated funds and pension plans. The products an investment company has available may differ from those offered at a bank, such as a different selection of mutual funds.

Mortgage companies

Mortgage companies specialize in providing mortgage loans (loans to acquire property such as a home or vacation property) to individuals and businesses.

They focus on mortgage lending, underwriting and servicing, which can sometimes offer competitive mortgage rates and flexible lending options beyond what traditional banks provide.

Finance companies

Finance companies specialize in providing loans and financing options to consumers and businesses.

They may offer installment loans, personal loans, auto loans, equipment financing and other credit products outside the traditional banking system.

For example, vehicle financing obtained directly through a car dealership could be provided by a finance company rather than a bank.

Payday loan companies

Payday loans are short-term, high-interest cash advances or loans designed to be immediately accessible and easy to qualify for.

While easy access to payday loans may be appealing, the cost far exceeds any other type of borrowing. It can make it very difficult to pay off the loan.

Payday loans should be avoided at all costs to establish sound financial health. Instead, consider a longer-term course of action, such as meeting with a financial advisor or financial planner to assess your financial situation and look for ways to save or apply for a personal loan with a lower annual interest than what a payday loan charges.

TYPES OF FINANCIAL AND BANKING ADVISORS

When making financial decisions and planning for your financial future, it can be helpful to seek out and consider the input of financial service experts.* These individuals bring a wealth of knowledge in their field and can help you make informed decisions. Here are some examples of different financial service experts and how they may be able to aid your financial journey.

Financial advisor

A financial advisor is a general term that can describe anyone who helps you manage your money. They can help you assess your current financial situation, determine your goals, advise on financial products and more.

Financial planner

A financial planner is a specific advisor who helps you plan to reach your short-, medium- and long-term financial goals. They can help you create a budget, identify ways to save money on your taxes, plan for retirement, choose the correct savings account and saving strategy and more.

Wealth advisor or wealth management advisor

A wealth advisor or wealth management advisor is a professional who provides personalized financial advice and investment strategies to individuals or institutions. Their role is to assess the financial situation, risk tolerance and goals

of a client in order to create a personalized investment plan. While developing a long-term relationship with their clients, wealth management advisors offer ongoing advice, monitor investments and provide a broader range of financial services, such as retirement planning, tax optimization and estate planning.

Portfolio manager

A portfolio manager, who is also an accredited wealth management advisor, actively manages investment portfolios for their clients (individuals, institutions or funds). Their primary role involves making investment decisions, such as asset allocation and security selection, with the aim of achieving their client's investment objectives. Portfolio managers continuously monitor and adjust the portfolio composition to optimize performance and manage risks.



What is the main difference between a wealth advisor and a portfolio manager?

A wealth advisor provides advice and recommendations on investment strategies and decisions, often working closely with clients to align their portfolios with their financial goals, while a portfolio manager assumes more responsibilities in their role by actively managing investment portfolios and making daily investment decisions on behalf of clients, typically within the framework of a specific investment strategy or mandate.

**It's important to note that in most of Canada, there are few regulations on who can call themselves a financial planner or financial advisor. Consider the individual's experience, training, qualifications and designations.*

The following specialists act as an intermediary between the client (you) and the providers offering the products or services you want.



Online brokerage via a direct broker or online broker

Online brokerage via a direct broker or online broker allows self-directed investors to manage their own investments. Its role is to implement the transactions made by the investors, such as buying or selling stocks, without providing advice. When investing through a website or an app, investors are responsible for choosing their investments, as no advice is provided by the online broker. Investors benefit from low to no commissions on online transactions, such as with National Bank Direct Brokerage at \$0 commission. Most online brokers will also provide access to research and analysis tools.

Insurance brokers

Insurance brokers specialize in connecting you with an insurance company that can provide you with an insurance policy that will meet your specific needs, whether automotive, health, life, property or any other type of coverage. Using the services of a broker can get you access to a wider variety of options than if you contacted a particular insurance company directly.

Mortgage brokers

Mortgage brokers specialize in helping you find the best mortgage from various financial institutions to meet your specific needs, considering interest rates, terms and payments.



If you are in Quebec, check that any financial planner (*planificateur financier*) you work with holds a diploma from the Institut québécois de planification financière (IQPF) and a licence issued by the Autorité des marchés financiers (AMF) or is authorized to use the title by a professional order that has an agreement with the AMF.

6 TIPS AND TOOLS TO PREVENT FRAUD AND INCREASE CYBERSECURITY

Technology and tools such as computers and smartphones have become part of everyday life, and that includes managing finances. Fraudsters and cybercriminals are constantly looking for ways to bypass existing security measures, making it essential to know how to protect yourself online. Here are six steps you can take to help safeguard your personal information online:

1 Strengthen passwords and authentication

- Use unique and robust passwords with many characters for each online account.
- Enable “two-factor authentication” (2FA) whenever possible.
- Use a password manager to generate and store strong passwords securely.

2 Update software regularly

- Keep operating systems, antivirus software and applications up to date. These updates often involve security improvements that protect your information and device.

3 Be cautious of phishing attempts and educate yourself

- Stay informed about the latest phishing and scam techniques.
- Be skeptical of unsolicited emails, text or social media messages, or calls asking for personal information or login credentials.
- Avoid clicking on suspicious links or downloading files from untrusted sources.
- Verify the legitimacy of a sender or organization before providing any sensitive data.
- Double-check URLs and email addresses for inconsistencies.
- Familiarize yourself with how government organizations and financial institutions will contact you and the type of information they will and will not require (see [Fraud targeting newcomers – Canada.ca](#)).
- Share this knowledge with friends, family and colleagues to create a more secure digital environment for everyone.

GOOD TO KNOW

[Fraud targeting newcomers – Canada.ca](#)



4 Be mindful of social media

- Limit the personal information you share on social media, as this could be accessed by people outside your “friend list.”
- Adjust privacy settings to control who can view your posts and personal details to keep them more secure.
- Be cautious of friend requests or messages from unknown individuals.
- Don’t open or share a post unless you trust the source.

5 Implement secure browsing habits

- Look for the padlock symbol and “https://” in the website URL before providing personal information or making online payments.
- Use a trusted ad blocker and browser extensions that enhance privacy and security.

6 Secure your network and devices

- Use a reputable firewall and enable network encryption (WPA2 or WPA3) on your Wi-Fi router.
- Install antivirus and anti-malware software on your devices and perform regular scans.
- Avoid connecting to public Wi-Fi networks for sensitive transactions.

OPENING AND MANAGING A BANK ACCOUNT



DOCUMENTS YOU WILL NEED

In Canada, bank accounts are a safe, secure way to store money. Depending on the type of account you set up, they can offer simple, immediate access to payment options, interest to help your savings grow and protection through coverage by the **Canadian Deposit Insurance Corporation (CDIC)**.

GOOD TO KNOW
The CDIC is a federal organization that covers eligible deposits at member institutions for up to \$100,000 per insured category. You can rest easy knowing your money is safe in any Canadian financial institution registered with the CDIC. To learn more about CDIC coverage, visit www.cdic.ca.

When looking to open a bank account in Canada, you will typically need the following documents:



Identification (ID)

You must provide at least two pieces of valid identification. Examples of ID include:

- Driver's licence
- Passport
- Canadian citizenship card or certificate
- Permanent resident card
- Social Insurance Number (SIN) card
- Health card (in certain provinces)

While providing a SIN isn't always mandatory, banks may require it. A SIN is a unique identifier issued by the Canadian government. You can still open an account without a SIN, but it may be subject to certain limitations.



Proof of address

You need to provide a document that confirms your current address in Canada. Examples of proofs of address include:

- Utility bill (e.g., electricity, water or gas bill)
- Bank or credit card statement
- Lease agreement or rental contract
- Valid driver's licence showing your current address



Employment or income information

Some banks may require details about your employment or source of income, such as a pay stub, employment contract or letter from your employer.



Additional documents

Depending on the bank and your specific situation, they may request additional documents such as:

- Work or study permit for non-residents
- Proof of student enrolment for student accounts
- Business registration documents for opening a business account

The documents required to open an account may vary between banks. Check with your intended bank to ensure you have all the necessary documents before visiting.

Certain financial institutions offer to open an account completely online. Some may require that you make an appointment at a local branch to activate the account in person. Certain documents may only be required at the in-person appointment.

TYPES OF ACCOUNTS

In Canada, banks offer various accounts to meet different needs. Here are some common types of bank accounts, along with the typical fees and services associated with them.


Personal chequing account

A standard chequing account is a **versatile account** that offers many different services, including cheque writing, e-Transfers, debit card access, in-store transactions, online and mobile banking, bill payments, access to ATMs and more.

 **Fees:** Monthly account maintenance fees may apply, but some banks **have promotional offers** and may waive fees based on specific criteria, such as maintaining a minimum balance or establishing direct deposit, like a bi-weekly your salary put directly into your account by your employer..


Savings account

Savings accounts are designed to be a **secure place** for the money you don't need every day while still offering convenient access to it. While some specific registered accounts and plans can be used for more extensive investment considerations, a standard savings account will offer services such as earning interest on the account balance, online and mobile banking access, limited transaction (with additional usage subject to additional fees) and ATM access.

 **Fees:** Some savings accounts may have monthly fees, especially if certain conditions are not met (e.g., carrying a minimum balance within the account as outlined in your agreement). Note that savings accounts are not meant to be used day-to-day such as personal chequing accounts.


High-interest savings account (HISA)

The services offered by HISAs are often comparable to a regular savings account, though the interest rate you earn on the account balance is often higher.

 **Fees:** Due to the **higher interest rate**, HISAs may have increased fees or more specific conditions required to waive fees, such as a higher minimum balance.


Youth and student account

Many banks offer youth or student accounts for people under a certain age or enrolled at a secondary or post-secondary school. These accounts provide similar services to a personal chequing account, though some services may have limitations, such as the number of transactions or how much can be accessed at a time.

 **Fees:** These accounts typically have low or no monthly fees.

Seniors account

Some banks offer accounts for seniors, with similar services to a personal chequing account. They often feature additional benefits such as travel insurance or other banking products.


 **Fees:** There are often **potential discounts** associated with these types of accounts.

GOOD TO KNOW

It's important to note that fees and services can vary between banks and even among different account packages within the same bank. Fees are related to account management and provided services, which is why they are so common. **You can reduce or even eliminate the fees you pay through thorough research and comparison of accounts and taking advantage of special offers.**

Business account

Business accounts offer unique, **business-specific features**, such as business cheques, electronic fund transfers (EFTs), merchant services, overdraft protection and business-specific online banking features.

 **Fees:** Business account fees depend on the bank and account type and may be based on transaction volumes or account balances.

Some registered accounts and savings plans can be used for significant investments (see "Types of saving plans and accounts " on page 40) and offer specialized benefits.

DEBIT CARDS, ATMS AND BRANCH LOCATIONS

With extensive coverage across Canada, it's easy to find a local branch of your bank where you can access important services, including:

ATM transactions

Here are the transactions you can perform at an ATM:

- ➔ **Balance inquiries:** ATMs allow you to check your account balance. Insert your debit card into the ATM, enter your personal identification number (PIN) and select "balance inquiry" from the on-screen prompts.
- ➔ **Cash withdrawals:** You can also use your debit card at an ATM to withdraw cash from your bank account. After inserting your debit card and entering your PIN, follow the on-screen prompts to select the withdrawal amount.
- ➔ **Deposits:** ATMs also allow you to deposit cash or cheques into your bank account. You'll need to follow the on-screen instructions, insert the cash or cheques into the designated slot and verify the transaction details.



Note that each financial institution implements a maximum number of withdrawals per day or week.

Bank teller transactions

If you prefer, you can also visit a branch of your bank and perform transactions in person with the assistance of a teller. Example transactions include:

- ➔ **Cash withdrawals:** Visit a bank branch and approach a teller window. Provide your debit card and identification. Request the desired amount for cash withdrawal and the teller will process the transaction for you after verifying your identity.
- ➔ **Deposits:** For cash or cheque deposits, hand over your debit card and identification to the teller. Provide the cash or endorsed cheques and the teller will process the deposit transaction. You may receive a receipt as proof of the deposit.
- ➔ **Transfers:** Bank tellers can assist you with electronic transfers between accounts as well as domestic and international wire transfers.
- ➔ **Opening an account and account inquiries:** You can open new accounts by visiting a branch. Bank tellers can also assist you with account-related inquiries and transactions, including checking your account balance, reviewing recent transactions, transferring funds between accounts, ordering cheques and getting account statements.

4 TIPS FOR GOOD ACCOUNT MANAGEMENT

1 Keep your debit card and PIN secure

Your debit card and PIN are important to how the banking system keeps your money secure. Protect your debit card to prevent unauthorized use. Do not disclose your PIN to anyone and shield the keypad when entering your PIN at an ATM, with a teller or during any other transaction, such as when making a purchase.

2 Verify transaction details

Always review that the transaction details are correct before completing any transaction.

3 Check fees and withdrawal limits

Some banks may charge fees for ATM transactions through other institutions' ATMs or have daily withdrawal limits. Familiarize yourself with your bank's policies to avoid surprises.

4 Be prepared with identification

When conducting transactions with tellers, it's vital to carry valid identification, such as a driver's licence or passport, as banks may require it to verify your identity.



ONLINE SERVICES AND APPS

Online services and mobile apps offer a convenient way to access a wide range of banking services at little or no extra cost. Here are some standard online services and apps available for banking.

1

Online banking portals

Banks provide secure online portals accessible through their websites. Customers can log in using their credentials to access their accounts and perform various transactions and banking activities.

Features may include:

- Viewing account balances and transaction history
- Transferring funds between accounts
- Paying bills
- Setting up automatic payments
- Managing credit cards
- Updating personal information
- Opening new accounts
- Applying for a credit card

2

Mobile banking apps

Banks offer mobile banking apps that can be downloaded and installed on smartphones or tablets. These apps provide similar functionality as online banking portals but are optimized for mobile devices and often include additional features, such as:

- Mobile cheque deposits
- Cardless ATM withdrawals
- Fingerprint or facial recognition login
- Push notifications for account activity

3

Money management apps

Third-party money management apps aggregate financial information from multiple bank accounts and credit cards in one place. These apps help users:

- Track their expenses
- Create budgets
- Set savings goals
- Gain insights into their financial habits

4

Payment apps

Payment apps allow users to send and receive money electronically, often linked to their bank accounts or credit cards. These apps provide convenient options for:

- Person-to-person payments
- Splitting bills
- Making online purchases
- Making contactless payments in shops, restaurants and other locations.

GOOD TO KNOW

Some banks offer to regroup all your accounts in their app by adding your accounts from other financial institutions.

Third-party payment apps are available; some may even be pre-installed on your mobile device.

HOW TO TRANSFER MONEY (LOCALLY AND INTERNATIONALLY)



Sometimes you may want to send people local or international currency. In Canada, there are a variety of transfer approaches offered by banks that serve different purposes. Here are some standard money transfer methods:

Interac e-Transfer

Interac e-Transfer allows you to send money electronically using **email or text messaging**. It's a popular method for transferring money between individuals or businesses within Canada.

How it works:

1. Click on the "Send Money" option in your bank's web portal or mobile application.
2. Select the account from which the money will be withdrawn, then enter the recipient's information as well as the amount you want to send.
3. The recipient receives a notification by text or email and can deposit the funds into their bank account directly.



There can be fees associated with e-Transfer. However, many banks offer this service for free as part of your account package.

Electronic fund transfers (EFTs)

EFTs enable you to transfer money electronically between personal **bank accounts or different financial institutions**. Depending on the bank, fees may be associated with EFT transactions, especially for transfers between financial institutions.

They can be used for:

- One-time transfers
- Setting up recurring payments
- Bill payments
- Direct deposits, such as when a paycheque is put directly into your account.



What you will need: You typically need the recipient's bank account number, transit numbers and institution number to initiate an EFT.

Wire transfers

Wire transfers are used for sending money **domestically or internationally**, typically involving larger amounts or cross-border transactions. Wire transfers usually involve fees, which can vary depending on the transfer amount and destination.



What you will need: Wire transfers require specific information, including the recipient's bank account details, transit number, institution number and sometimes intermediary bank details for international transfers.

YOUR ACCOUNT STATEMENT

A bank account statement is a snapshot of your account information and activity. Statements are typically provided monthly, but some banks offer the option to receive them more frequently or access them online through digital banking platforms.

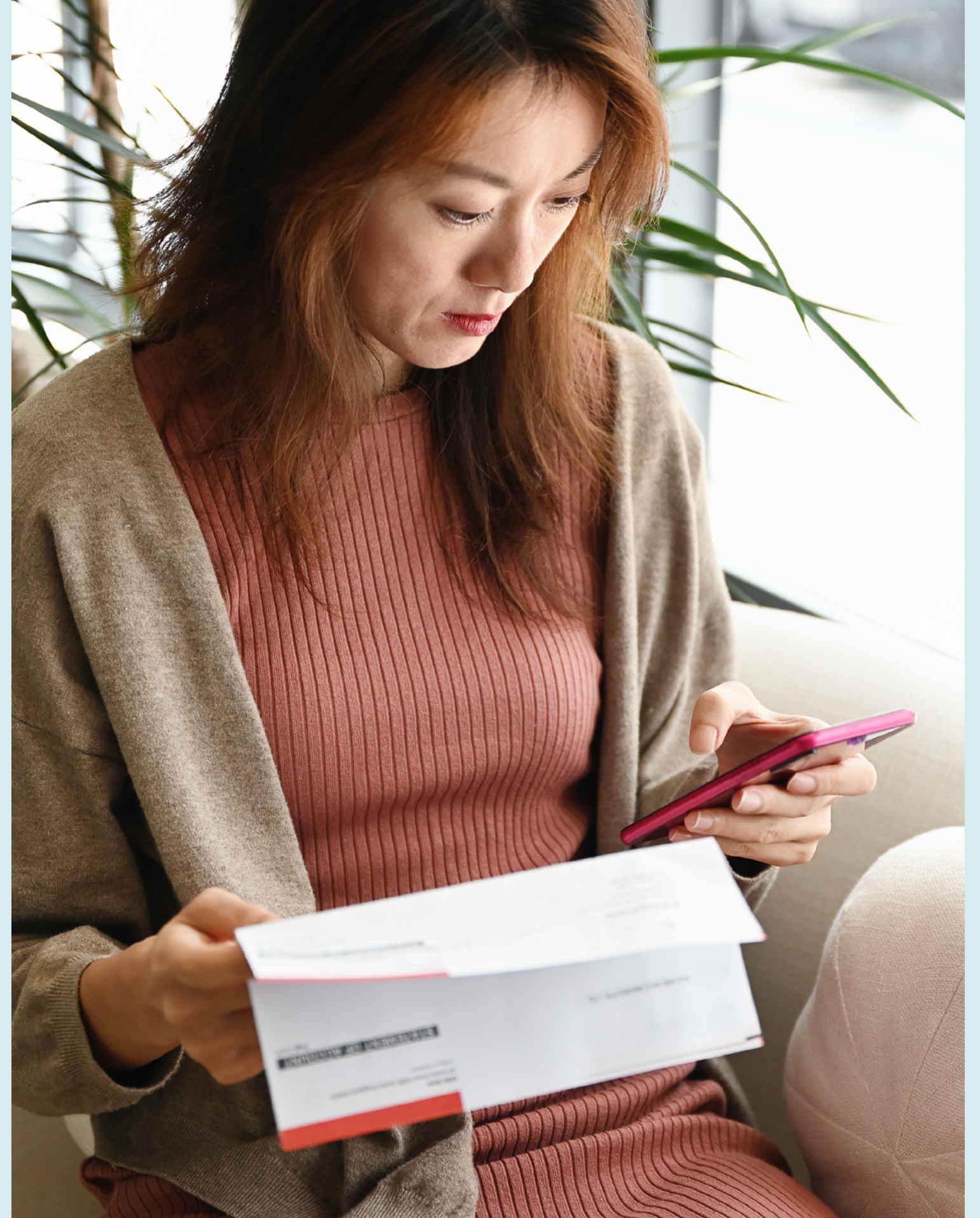
Account holder information

The statement will display the account holder's name and address as well as the account number and the statement date. This information can be helpful as proof of address that may be required for certain services at the bank and for setting up money transfers.

Transaction history

A detailed list of all transactions within the statement period will be provided. This includes the date, description and transaction amount for deposits, withdrawals, transfers and other account activity.

Electronic transaction information, such as online banking transfers, bill payments, direct deposits or pre-authorized debits, will also be included in your transaction history. These transactions list information about the recipient or payer, the transaction date and the amount.



Why is this document so important? The information provided on the statement is important for tracking account activity, managing finances and reconciling transactions.

Opening and closing balances

The statement will show the opening balance at the beginning of the statement period and the closing balance at the end. These balances reflect the amount of money in the account before and after the statement period.

Service fees and charges

If there are any fees or charges associated with the account, such as monthly maintenance fees or transaction fees, they will be listed on the statement. The statement will show the fee amount, the type of fee and the date it was charged.



Review all fees and charges to understand what they're for, so you can take advantage of the features you pay for and ensure you're not overcharged.

Interest earned or charged

If the account earns interest, it will be indicated and will show the interest rate, the interest amount and how it was calculated.



Understanding your account interest can help you grow your savings.

Cheques

If the account is used for writing cheques, the statement may include images or a list of cheque numbers and corresponding amounts.

Account messages

Some bank statements may include important messages or notifications from the bank, such as changes to terms and conditions or upcoming offers.



Reviewing your transaction history can help you identify potential fraudulent activity and is a good strategy for setting up a budget (see "Building Your Personal Budget" on page 33).

UNDERSTANDING YOUR CREDIT REPORT AND CREDIT SCORE



WHAT IS A CREDIT REPORT AND A CREDIT SCORE?

In Canada, you will likely hear about credit reports and credit scores a lot. What are they? A credit report and a credit score are two essential components of your financial record and provide information about your creditworthiness.

Lenders such as banks, credit unions, mortgage companies and even prospective landlords or phone companies will use your credit report and score to determine whether they should lend you money, rent to you or approve your monthly phone plan request.






Because creditworthiness is essential to many significant purchases you'll make in Canada, such as a house, for example, the quality of your credit report and credit score is what potential lenders will take into account.

Here's how to establish and improve your credit report and credit score.

CREDIT REPORT

A credit report is a detailed record of your credit history and financial behaviour. Equifax and TransUnion are the main credit bureaus in Canada and their job is to collect, store and share all relevant information about how you use credit.

Key aspects of a credit report include:

-  **Personal information:** Your name, address, Social Insurance Number (SIN), date of birth and employment information.
-  **Credit accounts:** Credit cards, loans, mortgages, lines of credit and other forms of credit. It includes the account type, credit limit or loan amount, payment history and current balance.
-  **Payment history:** Late payments or defaults on items such as credit cards, personal loans and even rent and cell phone bills can hurt your credit score.
-  **Public records:** This section includes information on bankruptcies, liens, court judgments or other legal actions related to your financial obligations.
-  **Credit inquiries:** The report lists inquiries made by lenders or credit providers when you apply for credit. Multiple inquiries within a short period can hurt your credit score.

CREDIT SCORE

A credit score is a numerical representation of your creditworthiness. The most common credit scoring model in Canada is the FICO score, which ranges from **300** (poor) to **900** (exceptional). In general, anything over **680** is considered a good score. A higher credit score indicates lower credit risk and better creditworthiness.

Your credit score is based on the information in your credit report and is calculated using these main factors:

- ➔ **Payment history:** Timely payments, **especially minimum payments** and a history of meeting your financial obligations will improve your credit score.
- ➔ **Credit utilization:** The ratio of your outstanding credit balance to your available credit limit (including all forms of revolving credit, such as multiple credit cards) affects your credit score. Keeping your credit utilization low (typically below 30% of your available credit) is beneficial.
- ➔ **Length of credit history:** The length of time you've had credit accounts and the average age of your credit accounts will contribute to your credit score. Longer credit history can demonstrate stability and responsible credit management.
- ➔ **Credit mix:** Having a mix of different types of credit, such as credit cards, loans and mortgages, can improve your credit score, as it shows your ability to manage various forms of credit.
- ➔ **New credit:** Opening multiple new credit accounts within a short period may temporarily lower your credit score, as it can show a change in credit risk.

Tools and resources to calculate your credit score

The information in your credit report and credit score is constantly being updated, so it's recommended to regularly review your credit report, check and report inaccuracies and make timely payments on all credit accounts. The following tools and resources can help you monitor your credit:

- **Credit bureau websites**

TransUnion Canada (www.transunion.ca) and Equifax Canada (www.consumer.equifax.ca) are Canada's two major credit reporting agencies. They provide credit score calculation tools and services. You can request a free copy of your credit report from each credit bureau once a year in Canada.

You should contact the credit bureaus to correct irregularities or errors you may find in your credit report.

- **Credit monitoring services**

Credit monitoring services such as Credit Karma (www.creditkarma.ca) and Borrowell (www.borrowell.com) provide free credit score and credit report access.

- **Financial institutions**

Some banks and credit unions provide credit score tracking tools for their customers. They may offer free access to your credit score through their online banking portals or mobile apps.

GOOD TO KNOW

While these tools can give you an idea of your creditworthiness, lenders may use different scoring models and factors when assessing your eligibility for specific loans or credit applications. Focus on using the information as a guideline to help manage and improve your score.

8 TIPS AND TOOLS TO IMPROVE YOUR CREDIT

Establishing good credit is essential for financial stability and future borrowing opportunities. Remember, building and maintaining good credit takes time and consistent effort.

Therefore, it's important to establish responsible credit habits and make informed financial decisions to set yourself up for a solid credit history. Here are eight tips and tools to help you effectively manage your credit:

1 Establish credit

It's pretty straightforward: You can't have a credit history if you don't have credit. So you'll need to acquire credit-building tools. For example:

- **Credit cards** (including secured and entry-level) are a common first step in establishing credit. Use them responsibly by making small purchases and paying the balance in full each month.
- **Credit builder** loans are an alternative to credit cards, designed to help individuals establish credit. These loans are typically secured (require collateral) and have low credit requirements.

2 Pay bills on time and in full

Always pay your bill **on time** and **in full**, including credit cards, loans, utilities, cellphones, internet and rent. Late or missed payments, even if it's just \$20, can hurt your credit score.

- Consider setting up automatic payments or reminders through your credit card or bank account to ensure you meet all deadlines.
- If you are unable to pay your credit card balance in full, the most crucial factor to prevent your credit score from decreasing is to at least make the minimum payment on time—before the due date.

3 Keep credit utilization low

High credit utilization can hurt your credit score. Aim to keep your credit balances below 30% of your total credit limit.

- This includes all forms of revolving credit, such as multiple credit cards and personal loans.
- Ensure your credit limit fits your needs and capacity. A higher credit limit can make it easier to stay below 30% utilization, but be careful that it doesn't lead to overspending or taking on more debt than you can afford to pay back (see previous note: "Pay bills on time and in full").

4 Maintain a mix of credit

A mix of different types of credit, such as credit cards, loans and a mortgage, can improve your credit score. However, as mentioned above, only take on credit that you can manage responsibly.

5 Monitor your credit

Regularly monitor your credit report for accuracy and signs of potential fraud or errors.

- Consider using credit monitoring services or apps that provide more timely updates and alerts about changes to your credit report.

6 Avoid excessive credit applications

Limit the number of credit applications you make within a short period. Multiple inquiries can temporarily lower your credit score. Apply for credit only when necessary and when you're confident of approval.

7 Keep old accounts open

The length of credit history is an important factor in credit scoring. If you have old credit cards with no annual fees or adverse history, consider paying any balance that may be outstanding, then keep the account open to demonstrate a more extended credit history.

8 Be cautious with co-signing

Think carefully before co-signing a loan or credit card for someone else. Your credit can be affected if the other person doesn't make timely payments or defaults on the debt.

UNDERSTANDING AND MANAGING A CREDIT CARD



BENEFITS OF A CREDIT CARD AS A PAYMENT METHOD

Credit cards are one of the most common sources of borrowing in Canada. Using a credit card as a payment method, especially for online purchases, offers several benefits:



Important: It's essential to remember that using credit cards for online purchases requires responsible financial behaviour. Keep your credit card information safe when making online purchases by ensuring you're on secure websites (look for "https" in the URL) and avoiding suspicious or untrustworthy platforms (See "6 tips and tools to prevent fraud and increase cybersecurity" on page 10).

1

Building credit history

Using a credit card responsibly and making timely payments helps build a positive credit history.

Establishing and maintaining a good credit history can be beneficial when applying for loans, mortgages or other credit products in the future (see "What are a credit report and a credit score?" on page 22).

2

Convenience and security

Credit cards provide a convenient way to purchase online without needing cash or cheques.

Credit card statements provide a record of your spending, which you can review to ensure accuracy and monitor your spending and where your money is going.

They offer a layer of security as credit card companies typically have robust fraud protection measures. If unauthorized charges occur, you can dispute them and liability for fraudulent transactions is often limited.

3

Rewards and cashback

Credit cards often come with rewards programs that allow you to earn points, miles or cashback on your purchases. These reward points can be redeemed for travel, merchandise, statement credits or other benefits.

4

Travel benefits

Certain credit cards offer travel-related benefits such as travel insurance, airport lounge access, concierge services and waived foreign transaction fees.

If you frequently make travel-related purchases online, using a credit card with rewards such as these can enhance your overall travel experience.

YOUR CREDIT LIMIT, BALANCE, MINIMUM PAYMENT AND INTEREST

To effectively manage your credit card, it's important to understand how it works.

Here are the basics:

Balance

- The balance on your credit card refers to the amount of money you owe to the credit card issuer. It includes any purchases, cash advances, balance transfers and fees charged to your card.
- The difference between the **statement balance** and the current balance: The statement balance is the total outstanding balance on your credit card as of the last billing statement. It's the amount that you need to pay by the due date to avoid interest charges. The **current balance** is the real-time balance on your credit card, including recent transactions that may not be reflected in the current billing statement.

Credit limit

- The credit limit is the maximum amount of money you can borrow on your credit card. It's predetermined by the credit card issuer based on factors such as income, credit history and creditworthiness.
- Your **available credit** is the difference between your credit limit and your current balance. For example, if you have a \$5,000 credit limit and a \$1,000 balance, your available credit is \$4,000.

Minimum payment

- The minimum payment is the minimum amount you must pay each month to keep your credit card account in good standing. It's typically a small percentage (e.g., 2% to 5% depending on the province) of your total balance or a fixed minimum amount (e.g., \$10), whichever is higher.
- Paying only the minimum payment will help you avoid late fees and maintain a good payment history. However, it's important to note that paying only the minimum will lead to interest charges on the total amount of your balance and can hurt your credit score over time.

Interest

- Interest is the cost of borrowing money on your credit card. If you do not pay your statement balance in full by the due date, interest charges will be applied to the total amount of your balance starting on the date of the transactions rather than the due date.
- Credit cards have an annual percentage rate (APR) of interest. You can divide the interest rate of your credit card by 365 to determine the daily interest rate. For example, if your credit card has an APR of 20%, the monthly interest rate applied to your daily balance will be 0.0575% (20%/365 days).
- Interest charges can accumulate quickly and significantly increase your debt if you only make minimum payments or carry a high balance for an extended period.

5 TIPS FOR MANAGING YOUR CREDIT CARD AND MAINTAINING A GOOD CREDIT SCORE

Managing your credit card responsibly is important to avoid high-interest charges, maintain good financial health and establish a good credit score. Here are a few tips:

1 Pay your balance in full

Paying your statement balance in full by the due date each month helps you avoid interest charges.

2 Avoid carrying high balances compared to your credit limit

Keeping your credit utilization ratio low (the percentage of your credit card balance to your credit limit) can improve your credit score and help reduce interest charges.

3 Understand your credit card terms

Review the terms and conditions of your credit card to understand the interest rates, fees, grace period and other important details.

4 Make payments on time

Late or missed payments can result in interest fees and damage your credit score. Set up reminders or automatic payments to ensure you don't miss them.

5 Monitor your statements

Regularly review your credit card statements to check for errors, fraudulent charges and unauthorized transactions.



By understanding credit limits, balances, minimum payments and interest, you can use your credit card responsibly and make informed decisions to manage your finances.

YOUR CREDIT CARD STATEMENT

Similar to bank account statement (see “Your account statement” on page 19), a credit card statement summarizes your credit card activity, including transactions, payments, fees and essential information related to your account. Here are the various elements typically found on a credit card statement:

Account information

Your credit card statement will include your account details, such as the credit card or account number, the account holder’s name and the statement period (the range of dates the statement covers).

Statement summary

This section summarizes the key information about your account for the statement period. It includes the statement balance (total amount owed), the minimum payment due and the payment due date. The summary may also show your credit limit and available credit.

Transaction details

The transaction details section lists all the transactions made on your credit card during the statement period. It includes the date, description, merchant name and transaction amount. This section may categorize transactions into different types: purchases, cash advances, balance transfers and fees.

Information on payments you’ve made to your credit card, credits and refunds will also be listed and will include things such as payment date and amount paid. These items will show up as negative values to indicate that the balance has decreased.

Interest and fees

Your statement also includes the interest charges applied to your account from your previous statement period. It may also provide details on the interest rate.

Any fees associated with your credit card, such as annual or cash advance fees, will also be listed here.

Rewards and benefits

If your credit card offers rewards such as cashback, points or airline miles, the statement may include a summary of the rewards earned during the statement period.

Important notices and disclosures

Credit card statements often include important notices, updates and disclosures about your account. These may include changes to terms and conditions, interest rate adjustments, privacy policies or promotional offers.

GOOD TO KNOW

If you notice a fraudulent charge, you can contact your credit card issuer to dispute it. You may also temporarily block your credit card to make sure no other unauthorized charges are made.



Tip: In addition to your statement, **your credit card provider’s mobile app** is a valuable tool to track your transactions and the activities on your account. Through the app, you can access the same information as on your statement but in a more up-to-date manner.

It’s crucial to carefully review your monthly credit card statement to ensure accuracy, identify any unauthorized charges or errors and understand your financial activity. If you have any questions or concerns about the statement, contact your credit card issuer’s customer service for clarification.

CHOOSING THE RIGHT CREDIT CARD FOR YOU

Credit cards are a valuable financial tool and a great way to build your credit, but that doesn't mean you should apply for the first one you see. Choosing the best credit card involves considering your financial needs, lifestyle and preferences. Here are some steps to help you choose and apply for a great credit card:

Assess your needs and lifestyle

Before choosing anything, consider why you need a credit card and what you plan to use it for. What benefits suit your needs: rewards, cashback, low-interest rates or specific benefits such as travel perks or fuel discounts?

Consider your spending habits, for example, where you frequently shop or the categories you spend the most, and consider which offers may help in those areas.

Research credit card options

Compare different credit card offers from various banks and financial institutions (here's a [comparison tool](#) from the Government of Canada to help with this). Look for cards that align with your needs and offer benefits or rewards relevant to your spending habits.

Consider factors such as annual fees, interest rates, welcome offers, rewards programs and additional features including purchase protection or extended warranties to ensure the card meets your needs.

Evaluate fees and interest rates

Make sure you get more value from the card's rewards and incentives than the fees you pay, or look for credit cards with low or no annual fees.

Pay attention to the card's interest rates. There are cards with lower interest rates, but remember they may have higher requirements or limited/no additional benefits.

Understand the rewards program

If you're interested in rewards cards, understand the structure and terms of the rewards program. Consider the redemption options, earning rates, restrictions and the value you can earn from the rewards.

Check eligibility requirements

Review the eligibility criteria for the credit cards you're interested in. This includes factors such as minimum income requirements and any other specific qualifications.

Read the terms and conditions

Carefully read the terms and conditions associated with the credit card you're considering. Pay attention to details such as interest rates, fees, grace periods, late payment charges and penalties. Understanding these can ensure you don't have any surprises later.

Apply for the credit card

Once you've selected a credit card, visit the issuer's website or a local branch to begin the application process.

Provide the required information, which typically includes personal details, employment information, income details and consent for a credit check.

Be honest and accurate in your application to avoid complications or potential rejections.

Activate and use the card

The approval process can take a few days to a couple of weeks.

Once approved, you'll receive the credit card in the mail and instructions on how to activate and begin using the card.

Familiarize yourself with the card's features, payment due dates and billing cycles.

Start using the card responsibly, which means limiting purchases to those within your budget, paying off the balance in full or making at least the minimum payments on time.

GOOD TO KNOW


Responsible credit card use is essential to maintaining a healthy credit history and avoiding long-term debt. Regularly review your statements, track your spending and make timely payments to maximize the benefits and minimize the risks associated with credit cards.


OTHER CREDIT OPTIONS AND LOANS

Personal loans, lines of credit and mortgages are all common borrowing options available to individuals. They can provide access to funds for various purposes, such as consolidating debt, covering unexpected expenses, financing home improvements, purchasing a home or funding a major purchase. While personal loans, lines of credit and mortgages all represent forms of borrowing, there are important differences between them. Here's what you need to know:

Personal loans


A personal loan is a lump-sum amount borrowed from a lender, typically a bank, credit union or online lender. The borrower receives the entire loan up front and agrees to repay it over a fixed term through regular instalments.


 **How to apply:** To obtain a personal loan, individuals must complete an application process that involves providing personal and financial information, such as income, employment history, credit score and collateral (depending on the loan type). Lenders evaluate the application and creditworthiness of the borrower to determine eligibility, approved loan amount and interest rates.

 **How it works:** Personal loans have a fixed repayment schedule, typically ranging from a few months to several years. Borrowers make equal monthly payments, including principal and interest, until the loan is fully repaid. Interest rates can be fixed (remain the same throughout the loan term) or variable (change based on market conditions).

Lines of credit

A line of credit is a flexible borrowing arrangement that provides individuals with a revolving credit limit. It's similar to a credit card, where borrowers can access funds up to a predetermined limit and will only pay interest on the amount they use.

 **How to apply:** To get a line of credit, individuals must apply with a lender and provide similar personal and financial information as required for a personal loan. Lenders assess the borrower's creditworthiness and determine the credit limit, interest rate and other terms based on factors such as income, credit history and collateral (if applicable).

 **How it works:** Unlike personal loans, lines of credit offer flexibility in repayment. Borrowers can access funds up to the approved limit from the revolving credit as needed. They can choose to repay the borrowed amount in full or make minimum monthly payments, usually consisting of interest charges. As the borrower repays the borrowed amount, the available credit refills (similar to a credit card), allowing them to borrow again.

Mortgages

A mortgage is a loan specifically designed to finance real estate purchases, such as a house or a property. It's a long-term loan that allows individuals to borrow a significant amount of money to fund the purchase of a home while the property itself serves as collateral for the loan.

Key differences between personal loans and lines of credit

- Personal loans provide a one-time lump sum, while lines of credit offer ongoing, flexible access to funds within a predetermined credit limit.
- Personal loans have a fixed repayment term, while lines of credit offer more options for repayment.
- Personal loans generally have fixed interest rates, whereas lines of credit may have variable rates tied to an index, such as the prime rate (variable rates go up and down with the Bank of Canada's key policy rate—see "The Bank of Canada" on page 6).
- Personal loans are suitable for financing specific expenses with a clear timeline, while lines of credit are helpful in managing fluctuating or ongoing expenses.
- A personal loan may be easier to access. That being said, every person's financial circumstances are unique and you will need to make the best choice for you—perhaps with the help of an adviser.

BUILDING YOUR PERSONAL BUDGET



CREATE YOUR PERSONAL BUDGET IN 7 EASY STEPS

A personal budget is a guideline or plan for your money and is an essential step in managing your finances effectively. The following steps will help you plan for and create a personal budget:

1

Set financial goals

Identify your short- and long-term **financial goals**. These could include paying off debt, saving for a down payment, building an emergency fund or planning for retirement. Clear goals will provide direction and motivation for your budgeting efforts.

2

Calculate your income

Determine your **total monthly income**. This includes your salary, wages, bonuses, freelance income, rental income or any other sources of income.

3

Track your expenses

Monitor your **expenses** for a month or two to understand your current spending patterns. Keep track of all your expenses, including fixed costs (rent, utilities, loan payments) and variable expenses (groceries, entertainment, transportation).

4

Evaluate your saving capacity

The difference between your income and expenses is the money you have left at the end of the month. As some expenses may fluctuate from one month to the next, think about how much of your remaining income you can afford to set aside—this is your **saving capacity**.

5

Set budget categories and amounts

Based on your spending patterns and goals, create **budget categories** that align with your needs and wants. Assign realistic and reasonable amounts to each budget category and add your saving capacity to a savings or goals category.

6

Prioritize saving and debt repayment

In addition to savings, you should have a section of your budget to allocate funds towards **debt repayment**. Building an emergency fund and reducing debt will contribute to your financial stability.

7

Track and adjust

Remember, creating a budget is just the first step. You must **monitor** your monthly income and expenses to ensure your budget is on track. Regularly review your budget and adjust as necessary to keep on track and accommodate changing circumstances.



Tip: A budget requires discipline, consistency and a commitment to sticking with it to be effective. A budget empowers you to take control of your finances, make informed decisions and work towards your financial goals. Use budgeting tools or apps (see page 35) to help you stay organized and monitor your progress.

TOOLS FOR MANAGING YOUR BUDGET



There are several tools available to help you manage your budget. Here are a few popular options:

Online and mobile banking tools

- The Government of Canada has a very useful online budget planner, which you can find here: [Budget Planner – Canada.ca \(fcac-acfc.gc.ca\)](https://budgetplanner.gc.ca/).
- Many banks offer online banking platforms with **built-in budgeting tools**. National Bank has a great budget calculator to help keep you on track. You can find it here: [My online budget calculator | National Bank \(nbc.ca\)](https://www.nbc.ca/myonlinebudgetcalculator).
- Some **mobile banking apps** can set up alerts when your account reaches a certain minimum value, making it easy to stay up to date on your financial situation.

Spreadsheets

You can use spreadsheet software to create a customized **budget template**. Spreadsheets offer flexibility and allow you to customize your budget categories, track expenses and calculate totals and summaries. You can also find premade budget templates online that you can modify to suit your needs.

Expense tracker apps

There are apps specifically designed for tracking and managing expenses. These apps allow you to enter your expenses and categorize them manually. They **provide insights** into your spending patterns and can help you identify areas where you can cut back.

Online financial aggregators

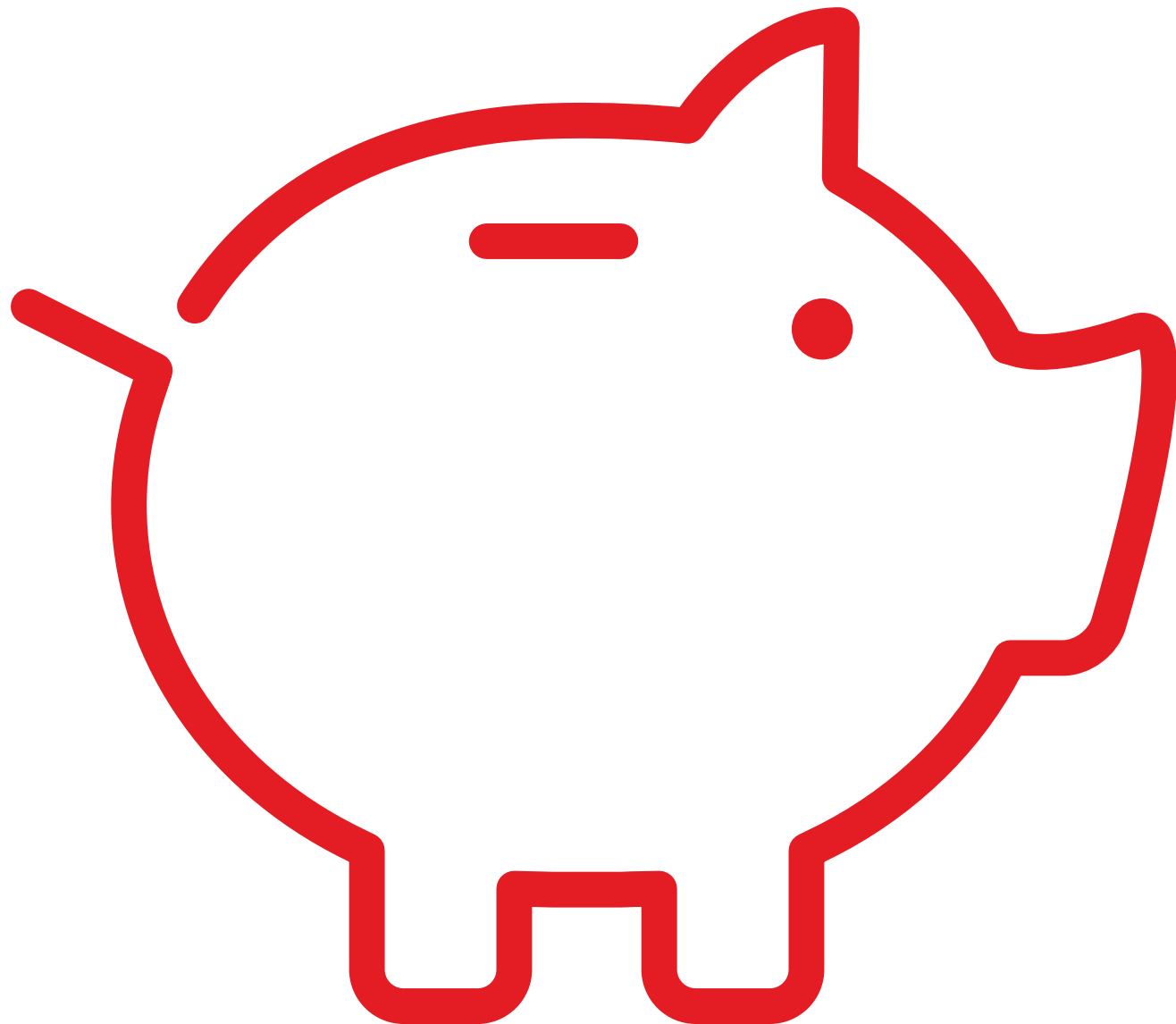
Online financial aggregators allow you to link your financial accounts, including bank accounts, credit cards and investment accounts, **in one place**. They provide an overview of your financial situation, track spending and offer budgeting features.

MANAGING YOUR SAVINGS AND INVESTMENTS



HOW AND WHY TO SAVE

Saving money is a key step in the journey to financial autonomy. Here are some of the reasons why it's important to save:



Financial stability and independence

Saving money promotes a sense of security and **reduces financial stress**. It allows you to control your finances and be prepared for future goals and expenses without relying solely on paycheque-to-paycheque living or others for financial support.

Achieving financial goals and your projects

With savings, it can be easier to achieve financial goals. Whether it's buying a house, starting a business, funding education or taking a dream vacation, having savings puts you in a better position to get there.

Emergency fund

Saving money allows you to build an emergency fund, which provides a **financial safety net**. Life can change quickly, especially when moving to a new country, and some of those changes can be expensive, such as car repairs, medical bills, moving costs or home maintenance costs. Having a financial safety net helps you handle unexpected expenses that may come up. Setting aside three to six months of expenses as your emergency fund is a good guideline.

Retirement

Retirement is a long-term financial goal for many people and can require significant **planning**. By saving early and consistently, you can build a retirement nest egg and enjoy a comfortable lifestyle even during retirement.



Tip: Remember, saving is a long-term commitment and requires discipline and patience. Start small and gradually increase your savings as your financial situation improves. Over time, consistent saving habits will help you build financial stability and achieve your goals.

5 STRATEGIES FOR EFFECTIVE SAVING

1 Set Financial goals

- Specific short- and long-term goals help you stay **motivated and focused** on saving. A good strategy is to establish short-term goals, such as a vacation and long-term goals, such as buying a home, to have specific objectives to look forward to.
- **Start saving early**, because the earlier you start investing, the less of your income needs to be set aside at each pay to meet your goals.

2 Create a budget

- Develop a budget and track your income and expenses to determine your saving capacity. Identify areas where you can reduce **unnecessary spending** to allocate more of your income towards savings.
- **Evaluate** your monthly bills, subscriptions and discretionary spending to find opportunities to reduce spending. Consider negotiating better deals, shopping for better rates on insurance or utilities and avoiding unnecessary purchases.

3 Automate savings

- Set up automatic transfers from your chequing account to a savings or investment account each month or when you make a purchase. This way, saving becomes a **regular habit** and you're less likely to spend the money impulsively.
- Make saving a priority by allocating a portion of your income towards savings before paying other bills or expenses. Treat your savings contribution as a mandatory expense.

4 Track your progress

Monitor your savings growth and track progress towards your goals. Regularly **review** your budget and adjust it annually or whenever there is a change in your personal or financial circumstances.

5 Minimize and manage debt

Prioritize paying off high-interest debt. The interest charges on debt can eat into your savings. Focus on paying down debt while continuing to save. Consider using lower-interest debt options to help pay off expensive debt (e.g., using a 5% line of credit to pay off a 20% credit card bill).

HOW TO INVEST YOUR MONEY

Investing money involves putting your funds into various financial assets to generate returns or grow your wealth over time. Here are the key aspects to consider when investing:



Risk profile

Assessing your risk profile is an important **first step**. It involves understanding your tolerance for risk and your financial goals. Consider factors such as your time horizon, financial stability, investment knowledge and risk tolerance. A financial advisor can help ensure you don't overlook any valuable considerations.

Generally, risk and potential returns are **correlated**. Higher-risk investments may offer higher potential returns but have greater volatility and loss potential. Lower-risk investments provide more stability but may offer lower returns. Your risk profile will guide your investment choices and **will change over time**, so be sure to reassess periodically.

Diversification is a key strategy for managing risk. By spreading your investments across different asset classes and sectors, you reduce the impact of any single investment's performance on your overall portfolio.

Investing with an advisor or on your own

Whether to invest with a financial or investment advisor or on your own **depends** on your comfort level, knowledge and financial goals.

An advisor can provide personalized advice, expertise and guidance **tailored** to your situation. They can help you create an investment plan, assess your risk profile and recommend suitable investments. They are knowledgeable of the current market and are required to stay up to date on news and investment trends.

Investing independently requires **educating yourself** about investment options, staying informed about the market and conducting thorough research. It may involve managing your

portfolio and using online investment platforms and apps. Through those, you'll generally have access to stocks, exchange-traded funds (ETFs), options, mutual funds, bonds and guaranteed investment certificates (GICs). Effectively managing your own investments will require significant time and effort to stay informed but will have lower fees. Some direct brokers in Canada offer \$0 commissions on online stock and ETF transactions, including National Bank Direct Brokerage.

Investing safely

While investing always carries some degree of risk, there are steps you can take to invest safely:

Educate Yourself

- Understand different investment options, their risks and potential returns.
- Research and stay informed about what is happening in the market.
- When meeting with an advisor, ask all the questions you need to fully understand the recommended solutions.

Diversify

- Spread your investments across different asset classes and sectors to reduce the impact of any single investment's performance on your portfolio.

Set Realistic Expectations

- Avoid get-rich-quick schemes and unrealistic promises of high returns. Be cautious of investments that seem too good to be true.

Consider Time Horizon

- Align your investments with your time horizon. A longer time horizon can withstand market fluctuations, while short timelines may require more stability.

GOOD TO KNOW

Investing involves inherent risks, and your investor profile is critical in your decisions. If you are unsure or uncomfortable with making investment decisions independently, consulting with a qualified advisor can provide valuable guidance and help ensure that your investments align with your goals and risk profile.

Regularly Monitor and Rebalance

- Keep an eye on your investments and adjust as needed.
- Rebalance your portfolio periodically to maintain the desired asset allocation (mix of asset types and risk).
- Significant life events and changes in personal and financial circumstances are all great indicators that it may be time to review your investments.

Risk management

Risk management includes setting an **appropriate asset allocation**, managing your exposure to different asset classes and regularly reviewing your portfolio's performance. It's normal for investments to fluctuate over time, so your time horizon is important to consider. Stay calm and keep your overall investment strategy in mind when considering a response to market changes.

Consider utilizing **risk management tools** such as stop-loss orders, diversification strategies and setting investment limits based on your risk tolerance.

TYPES OF SAVING PLANS AND ACCOUNTS

Several types of savings plans and accounts are available to individuals, each serving different purposes and offering various features. Here are some common types:

Tax-free savings accounts (TFSAs)

TFSAs allow individuals to save and invest money **tax-free**. Contributions are not tax-deductible, but withdrawals and investment growth within the account are tax-free. Annual TFSA limits are determined yearly, but the contribution room is cumulative. TFSAs are generally considered an excellent account for investing and saving for short-term projects. Here is a [link](#) to TFSA options available from National Bank.

Excess contributions and contributions made by non-residents are subject to a 1% tax per month. Find more details on the Canadian government's website: [Tax-Free Savings Account \(TFSA\), Guide for Individuals - Canada.ca](#).

Registered retirement savings plans (RRSPs)

- RRSPs are tax-advantaged retirement savings accounts. RRSPs offer **tax deductions** on contributions and the funds grow tax-deferred until retirement, at which point withdrawals are taxed. In other words, RRSPs allow you to reduce your taxes.
- RRSPs have contribution limits based on a percentage of your annual income, but the contribution room is cumulative. Here is a [link](#) to RRSP options available from National Bank.

There are two programs that are associated with RRSPs:

- The **Home Buyer's Plan (HBP)** allows you to withdraw up to \$35,000 from your RRSP tax-free if you purchase a qualifying first property. This money must be repaid into the account within 15 years after the withdrawal.
- The **Lifelong Learning Plan (LLP)** allows you to withdraw up to \$10,000 from your RRSP to finance full-time training or education.

First home savings account (FHSAs)

- The FHSAs is a new account in Canada that is designed to help you save money to buy your **first home**.
- Contributions into an FHSA are tax deductible (similar to an RRSP); however, the growth and withdrawals are also tax-free (similar to a TFSA) if the money is used to purchase a qualifying first home. FHSA contributions are capped at \$8,000 annually, with a lifetime limit of \$40,000. Here is a [link](#) to FHSA options available from National Bank.

Registered education savings plan (RESPs)

- RESPs are designed to save for future **education expenses**. These accounts are set up by a parent or guardian for their children and allow the funds to grow tax-free if used for eligible education expenses.
- Specific government programs offer funds for the RESP, such as the Canada Learning Bond (CLB). Here is a [link](#) to RESP options available from National Bank.

Regular savings accounts

Regular savings accounts are **basic accounts** offered by banks and financial institutions. They allow you to deposit and withdraw money as needed while earning a small amount of interest on your balance. These accounts are generally easy to access and provide a safe place to store your short-term or emergency savings that need to be easily accessible.

High-interest savings accounts (HISA)

HISAs are similar to regular savings accounts but offer **higher interest rates**. These accounts may have minimum balance requirements and limited withdrawal options but provide a better return on your savings. Here is a [link](#) to HISA options available from National Bank.

Money market accounts (MMAs)

- Money market accounts are **interest-bearing** accounts that typically offer higher interest rates than regular savings accounts.
- MMAs often have higher minimum balance requirements and provide limited cheque-writing capabilities.
- These accounts invest in short-term, low-risk securities but do charge fees.

It's important to research and compare the features, fees and interest rates associated with different savings plans and accounts to choose the ones that align with your financial goals, risk tolerance and liquidity needs. It can be a good idea to set up different accounts that align with your various savings goals, such as an FHSA to save for a home, an RESP for a child's education and a HISA to hold your emergency fund.

TYPES OF INVESTMENTS

In Canada, various investment options are available to individuals looking to grow their wealth and generate returns. Here are some common types of investment options, and you can find a more detailed overview of some options with this [link](#) from National Bank:

Stocks

Stocks represent **ownership** in a company. When you buy shares of a stock, you become a shareholder and have the potential to earn returns through capital gains (increase in stock price) and dividends (optional sharing of company profits).



Important: Remember that a capital gain (or loss) is not realized until you sell a share—market fluctuations are only permanent once you buy or sell.

Stocks can be purchased individually or through mutual funds, index funds, or exchange-traded funds (ETFs) that provide diversification across multiple stocks.

Bonds

Bonds are **debt securities** issued by governments, municipalities or corporations. When you buy a bond, you are lending money to the issuer in exchange for periodic interest payments and the return of the principal amount at maturity.

Bonds are considered relatively low-risk investments compared to stocks, as they offer fixed income and are backed by the issuer's ability to repay the debt.

Mutual funds

Mutual funds **pool money** from multiple investors to invest in a diversified portfolio of stocks, bonds or other securities. Professional fund managers make investment decisions on behalf of the investors.

Mutual funds offer a convenient way for individuals to access diversified portfolios, even with smaller investment amounts.

Pay attention to the fees mutual funds charge to ensure you are earning a high enough return for the cost.

Exchange-traded funds (ETFs)

ETFs are similar to mutual funds but trade on **stock exchanges** like individual stocks.

ETFs track an index, sector, commodity or asset class, providing exposure to a specific market or investment strategy.

ETFs offer diversification, liquidity and flexibility. They can be bought and sold throughout the trading day.

ETFs also charge fees, but they are often lower than mutual funds because they are not being managed.

Guaranteed investment certificates (GICs)

GICs are fixed-term deposits offered by banks and financial institutions. They guarantee the return of the principal amount plus interest at a fixed rate over a specific period.

GICs are low-risk investments but typically offer lower returns than stocks or mutual funds.

Withdrawing funds before maturity may not be possible or result in penalties, so consider your time horizon.

Precious metals

Investing in precious metals such as gold, silver or platinum can be done through physical ownership, ETFs or mining company stocks.

Precious metals are often considered a hedge against inflation and market volatility because their actual value is based on usefulness, not fluctuations of the stock market.

Cryptocurrencies

Cryptocurrencies, such as Bitcoin or Ethereum, are digital or virtual currencies that use cryptography for security.



Important: Investing in cryptocurrencies involves higher risk and volatility than traditional investments and should be done with caution.

DECLARING YOUR TAXES



THE CANADIAN TAX SYSTEM

The Canadian tax system is progressive, meaning that higher-income individuals pay a higher percentage of that increased income in taxes. Canada's tax system is composed of federal and provincial/territorial taxes, each with its own tax rates and brackets.

Taxes help provide the public goods and services that anyone should be allowed to access, regardless of their ability to pay, such as health care, education, national defence, infrastructure, public parks and elderly benefits.

Federal taxes

Federal taxes in Canada are progressive, with different tax brackets determining the applicable tax rate for different income levels.

For example, **for 2023**, the federal tax brackets for individuals are as follows:

15%

on the first \$53,359 of taxable income

20.5%

on the portion of taxable income between \$53,359 and \$106,717

26%

on the portion of taxable income between \$106,717 and \$165,430

29%

on the portion of taxable income between \$165,430 and \$235,675

33%

on the portion of taxable income between \$235,675



Important: These tax brackets and rates may change over time, so it's essential to consult the Canada Revenue Agency (CRA) or a tax professional for the most up-to-date information.

Provincial/territorial taxes

In addition to federal taxes, each province and territory in Canada has its own tax rates and brackets. These taxes are collected and administered by the respective provincial or territorial governments.

The tax rates and brackets for provincial/territorial taxes vary by jurisdiction, so it's important to consult the specific tax regulations of your province or territory.

Harmonized sales tax (HST)/Goods and services tax (GST)

Canada also has value-added taxes called the goods and services tax (GST) and provincial sales tax (PST), or a harmonized sales tax (HST), depending on the province. GST and PST are separate federal and provincial taxes and HST is a combined federal-provincial tax.

The rate for GST is currently 5% nationwide, while HST rates vary by province/territory.

Other taxes

Canada also has other types of taxes, such as payroll, property and additional taxes on specific goods and services.

Payroll taxes include Employment Insurance (EI) and the Canada Pension Plan (CPP) contributions, which are deducted from employees' salaries.

TAX OBLIGATIONS FOR NEWCOMERS

Newcomers to Canada have various tax obligations that they must be aware of and fulfill. Here are some key tax obligations for newcomers:

Residency for tax purposes

Determining your residency status is crucial for tax purposes. Residents of Canada are subject to Canadian income tax on their worldwide income, while non-residents are generally taxed on Canadian-source income only.

According to the Canada Revenue Agency (CRA), newcomers who establish residential ties in Canada, such as having a home, a spouse or dependents in Canada, are considered residents for tax purposes.

Generally, the country you have the closest connection to is considered your country of residence for tax purposes. Still, the specific criteria to determine residency can be complex, so it's advisable to consult the CRA [website](#) or a tax professional.

Social Insurance Number (SIN)

Newcomers are generally required to apply for a Social Insurance Number (SIN) from Service Canada. The SIN is used for tax purposes, including registering employment and filing tax returns.

Filing income tax returns

Newcomers who become residents during the tax year must file a tax return with both the CRA and their provincial or territorial tax authority for that year.

Even if they had no income or were below the taxable threshold, filing a tax return is necessary to establish their tax residency status.

Benefits and credits

Newcomers may be eligible for various tax benefits and credits the Canadian government provides, such as the Canada child benefit (CCB), the goods and services tax (GST) credit and other provincial or territorial credits.

Your eligibility may change from year to year, so stay current on what you can claim and check in with the CRA website on [individual tax credits and benefits](#).

Reporting worldwide income

As a resident of Canada, newcomers are required to report their worldwide income to the CRA. This includes income from employment, self-employment, investments, rental properties and any other sources.

GOOD TO KNOW

The deadline for filing individual income tax returns in Canada is typically April 30th of the following year (e.g., April 30, 2024, would be the deadline to file 2023 income taxes).

Eligible tax benefits and credits are only accessible if you fill out a tax return. Therefore, you are benefiting from reporting your income in Canada.

Reporting foreign assets

Newcomers with foreign assets, such as bank accounts or properties, may have additional reporting obligations, such as disclosing those assets on their tax returns or filing the Foreign Income Verification Statement (Form T1135).

Newcomers should seek guidance from the CRA, consult tax professionals or use online resources tailored explicitly for newcomers to Canada to ensure they meet their tax obligations accurately and on time. Understanding and fulfilling tax obligations is essential for newcomers to maintain compliance with Canadian tax laws.


It's important to gather all necessary documentation, such as federal T4 slips (employment income) and the equivalent documentation in your province, T5 slips (investment income) and any other relevant statements or receipts, to report income accurately. (See page 46 for more details on the necessary documentation.)





HOW TO FILE YOUR TAXES IN CANADA


Filing a tax return in Canada involves several steps and requires specific documents and information. Here are the basics of filing a tax return in Canada:


Gather required documents and information


-  **Determine your residency status**
Ensure you understand your residency status, which affects your filing obligations and eligibility.


-  **Social Insurance Number (SIN)**
You need your SIN, which is used to identify you for tax purposes.


-  **Personal information**
Your full name, date of birth, address, marital status and contact details. You may include your spouse's income as reported on their return if you're married.

-  **Income documents**
Gather all relevant income documents, such as T4 slips (employment income), T5 slips (investment income), T3 slips (trust income) and any other income statements or receipts, including any province-specific reporting documents, such as an RL-1 if you're in Quebec.

-  **Expense documents**
Keep records of deductible expenses, such as medical expenses, charitable donations, tuition fees and childcare expenses.

-  **RRSP & FHSA contributions**
Have the contribution receipts ready if you contributed to a registered retirement savings plan (RRSP) or first home savings account (FHSA).


-  **Tax forms**
Depending on your situation, you may need additional tax forms such as the T2202 for tuition fees, T5007 for social assistance payments or T4E for Employment Insurance (EI) benefits.

-  **Previous year's notice of assessment**
Having your previous year's notice of assessment is helpful, as it contains important information and may be needed for certain tax credits or benefits.


Choose a filing method


There are two ways you can file your taxes:


 **Online filing:** You can file online with different tax software options.

 **Professional filing:** Consider hiring a tax professional to file your taxes, especially if your financial circumstances are complex.


Report income and deductions


 Declare all your sources of income, including employment income, self-employment income, investment income, rental income and any other applicable income.


 Deduct eligible expenses and claim your tax credits, such as medical expenses, charitable donations, tuition fees and others. Ensure you have proper documentation to support any deductions and credits you claim.

 **Important:** Accuracy is critical, so always review your return carefully before submitting it.

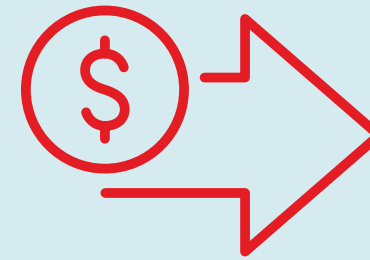
Assessments and refunds

 After filing your tax return, the CRA will process it and issue a notice of assessment. This document summarizes the results of your tax return and any taxes owed or refunds due.

 If you owe a balance, ensure you pay it by the specified deadline to avoid interest charges. If you are entitled to a refund, the CRA will issue it via direct deposit if you have set up an account, or mail a cheque to your registered address.

 **Important:** This process can take a few days, so plan accordingly to ensure you can meet the payment deadline.

TAX CREDITS AND DEDUCTIONS TO SAVE MONEY ON YOUR TAX RETURN



Here is a [complete list](#) of deductions and credits available in Canada. Review the list and search for items you may be curious about. Claiming deductions and credits you are eligible for is a great way to save money on taxes.

UNDERSTANDING INSURANCE IN CANADA



COMMON TYPES OF INSURANCE AND THE COMPANIES THAT OFFER THEM

GOOD TO KNOW

It's important to note that the cost of insurance can vary significantly based on individual circumstances and policy choices. To obtain accurate cost estimates and explore coverage options, it's recommended to obtain quotes from multiple insurance providers or consult with insurance brokers who can help assess specific needs and provide personalized recommendations.

In Canada, various types of insurance are available to individuals and businesses to provide financial protection against specific risks. Here are some common types of insurance in Canada, along with general cost considerations and providers:

Auto and home insurance

Auto insurance offers coverage for damages and liabilities related to motor vehicle accidents. Auto insurance is usually “two way” in that it offers coverage for damage to your vehicle and coverage if you are at fault in an accident and damage someone else's vehicle.



Coverage for damage and liabilities to others is mandatory; however, personal coverage is optional.

Some people may opt out of coverage for personal damages, but remember that you will be responsible for all repairs to your vehicle that may be required to keep it street-legal.

Home insurance protects homeowners against damage or loss to their property and personal belongings. It also covers liabilities if someone is injured on your property.

Auto insurance costs vary based on factors such as the driver's age, driving record, vehicle type, location and coverage options.

Home insurance costs depend on the property's location, size, construction type, replacement value and desired coverage options.

Auto and home insurance are offered independently or can be packaged together by numerous insurance companies.

Life and health insurance

Life insurance provides a payout to beneficiaries upon the insured person's death. It protects dependents financially, covering expenses such as debts, funeral costs and ongoing financial needs.

While general health care is often covered under federal and provincial programs, many people purchase **private health insurance plans**. These private plans can supplement the government programs and cover items not generally included in the public health plan.

Health insurance can also supplement your income if you cannot work for health-related reasons.

The cost of life and health insurance is influenced by factors such as the insured person's age, health condition, coverage amount and type of policy (term life, whole life or universal life).

Various insurance companies offer life and health insurance individually and may be included as part of an employer's insurance plan.

Travel insurance

Travel insurance covers medical expenses, trip cancellation/interruption, lost baggage and other unexpected travel events.

Travel insurance costs depend on factors such as the traveller's age, destination, trip duration, coverage options and pre-existing medical conditions.

Travel insurance is available from insurance companies, travel agencies, banks and credit card companies (some credit cards offer travel insurance as an included benefit).



INSURANCE POLICIES AND IMPORTANT TERMINOLOGY

Understanding insurance policies and their terminology can be crucial in ensuring you have the right coverage and know what to expect in the event of a claim. Here are some essential tips to help you understand insurance policies and key terminology:

Read and review the policy

- Carefully read the insurance policy, including the terms and conditions, coverage limits, exclusions and definitions. It's an intimidating document, but the benefits of understanding your policy will be worth the investment of time.
- Pay attention to the specific language used in the policy, as certain terms and definitions may have different meanings than you are used to.
- If you come across any terms or phrases you need help understanding, contact your insurance provider or agent for clarification. They can help explain the meaning and implications of specific terms in the policy.

Coverage

- Understand the scope of coverage provided by the policy. This includes knowing what risks are covered, the limits of coverage and any exclusions or limitations that may apply.
- Different policies will offer different levels of coverage, so assess your specific needs and look for a policy that fits them.

Deductibles

- A deductible is paid out of pocket before your insurance coverage kicks in. Please ensure you're familiar with the deductible listed in your policy and are prepared to pay it when needed.

Premiums

- Premiums are the regular payments you make to the insurance company in exchange for coverage. They can be paid annually, semi-annually, quarterly or monthly, depending on the policy and payment options.
- It's important to understand how your premiums are determined and the payment schedule you must follow. Missing a payment could lead to increased premiums or even loss of coverage.

Exclusions and limitations

- Your policy may list specific exclusions or limitations to your coverage. These are situations or circumstances that are not covered by the insurance policy. Be aware of any particular conditions, activities or risks that may be excluded from coverage, as they can impact your ability to file a claim if something happens.

Policy renewal and cancellation

- It's important to be aware of any notice periods required for policy cancellation or changes in coverage as well as the renewal process and any changes that may occur.

Claims process

- A claim is your actual request for coverage of an event and supporting documentation. Please familiarize yourself with the steps in filing an insurance claim, including the documentation required and any time limits for reporting a claim, as each company has their own process and requirements.

HOW TO CHOOSE THE RIGHT INSURANCE FOR YOUR NEEDS

Choosing the right insurance for your needs requires careful consideration and evaluation. Here are some tips to help you make an informed decision:

Assess your needs

- Start by assessing your specific needs and risks. Consider the areas where you need financial protection and identify the types of insurance that align with those needs.
- Evaluate your lifestyle, assets and personal circumstances to determine the appropriate coverage levels and types of insurance that best suit your situation.

Research and compare options

- Research different insurance providers and policies available in the market. Compare coverage, terms, conditions and pricing.
- Look for reputable insurance companies with a strong track record and positive customer reviews. Consider factors such as financial stability, customer service and claims handling.
- Carefully review the coverage details, limitations, exclusions and conditions of each policy you are considering.
- Pay close attention to the exclusions and limitations, as they may impact the coverage provided.
- Be sure to disclose any specific details that may influence your coverage or premiums, such as pets, rare valuables or a specific medical condition. While some could result in higher premiums, not disclosing a pre-existing condition could lead to your claim being denied, your policy being cancelled or even legal repercussions.

Consider customer service and support

- Evaluate the customer service and support process offered by insurance providers.
- Research the provider's reputation and consider factors such as accessibility, responsiveness and ease of filing claims.

Consult an insurance broker

- An insurance broker can provide expert advice and help you navigate the complexities of selecting an insurance policy (see the section on insurance brokers and mortgage brokers on page 9).

GOOD TO KNOW

Remember that selecting the right insurance involves balancing your required coverage, affordability and quality service. Researching, comparing options and understanding the policy details will help you choose insurance that meets your specific needs and provides you with peace of mind.

WHEN TO UPDATE YOUR INSURANCE

Life is full of changes; your insurance coverage must reflect these new circumstances. Significant life events such as a new job, new house, new vehicle, birth in the family, death in the family or even a change in risk frequency (travelling long distances often or leaving the country) are all important reasons to change your coverage.

Review your insurance policy to ensure it aligns with your changing needs and circumstances. If you need to make a change, contact your insurance agent or review the process above to find a new policy that works.



BUILDING YOUR LIFE IN CANADA



HOUSING



HOW TO RENT A PROPERTY IN CANADA

Renting a house or apartment involves signing a lease and paying monthly rent to live in a space that someone else owns and manages. Renting offers flexibility, as you have no long-term financial commitment beyond the lease terms (usually one year). Another appeal of renting is consistency—your rent payments will be the same month to month and there are limits on how much it can increase year to year. Significant repairs (such as replacing a broken water heater) are your landlord’s responsibility, making it easy to plan your expenses. One downside to renting is that your rent payments do not build any equity, as the property still belongs to someone else.

When it comes to renting a place to live, here are some basics to keep in mind:

GOOD TO KNOW

It’s always a good idea to visit rental properties before signing a lease to ensure everything is the same as it was portrayed in the listing or advertisement.

Determine your budget and your needs

- Assess your financial situation by building a budget (see “Create your personal budget in 7 easy steps” on page 34) to determine how much you can afford to spend on monthly rent. Consider other expenses such as utilities, transportation and groceries to ensure you can comfortably afford monthly rental payments.
- Consider your housing and location needs, such as nearby amenities (grocery stores, pharmacy, gym, etc.), Internet coverage, parking, transportation routes and general commute, and focus on properties that meet your essential criteria.

Research and explore

- Conduct thorough research to find suitable rental options in your desired location. Use online listings, real estate agencies, rental websites and social media marketplaces to explore available properties.

- Consider whether the location meets your predetermined needs and how you feel in the area (e.g., do you feel comfortable and safe?).
- Before moving in, schedule a walkthrough of the rental unit with the landlord or property manager. Inspect the property for any damage, make note of it and take photographs if necessary.

Rental application and documentation

- When applying for a rental property, landlords often require specific documentation, such as identification, proof of employment or income, references and possibly a credit check.
- In some markets in Canada, rental properties can be highly competitive. Prepare these documents in advance to streamline the application process and increase your chances of securing the rental.



Lease agreement

- The lease is the specific contract that outlines your rental, including the duration, rental amount, payment schedule, the items included with your rental (e.g., air conditioning or washer and dryer) and any rules or restrictions that may apply.
- Read the lease agreement carefully before signing and don't be afraid to ask questions.
- Only sign the lease once you are comfortable with the contract and all items your landlord provides or pays for (e.g., heating, electricity or Internet) are reflected.

Tenant insurance

- Tenant insurance is designed to protect your personal belongings and cover liability in case of unforeseen events such as theft, fire or an accident that you may be responsible for.
- Tenant insurance is typically affordable and provides valuable coverage and peace of mind.



Important: The landlord will have building or property insurance to cover structural damage, but this offers little to no coverage for you as the tenant.

Understand tenant rights and responsibilities

- There are certain responsibilities that come with being a tenant, as you're living in a place someone else owns. However, you have also signed a lease that gives you the right to live there. Familiarize yourself with your rights and your responsibilities so you're neither taken advantage of nor in violation of your lease.
- Be aware of the specifics of your obligations regarding rent payments, property maintenance, noise levels and any building or community rules.
- Understand local tenancy laws, including regulations on rent increases, eviction procedures, maintenance obligations and provincial rules around security deposits, including limits and reimbursements.

Maintain good financial standing

- Pay your rent on time and fulfill your financial obligations throughout the tenancy. Your rental history can impact future rental applications, references and even your credit score.



HOW TO BUY A PROPERTY IN CANADA



GOOD TO KNOW

Unlike renting, purchasing a property can be viewed as an investment, as the non-interest portion of your mortgage payment builds up as equity over time.

Buying a house or condo is a significant financial commitment and often involves a combination of a down payment and a mortgage.

A down payment is an up-front cash investment in the property or house and is mandatory to secure a mortgage in Canada (see “Key things to know about mortgage loans” on page 59).

If you buy a house, you will be fully responsible for all associated costs, such as repairs or maintenance.

Here are the main steps involved in purchasing a house.

Determine your budget and get a mortgage pre-approval

- Assess your finances and determine how much you can afford to spend on a house. Remember, to secure a mortgage, you must have a down payment of at least 5% of the purchase price.
- A down payment of less than 20% requires mortgage loan insurance. Consider using online borrowing capacity calculators such as [this one](#) from National Bank.



Get pre-approved for a mortgage from a lender. This will provide you with an estimate of the loan amount you qualify for and allow you to secure a favourable interest rate (usually for up to 90 days). Here is a [link](#) to National Bank's online pre-approval process.

Find a real estate agent

- A real estate agent specializes in buying and selling houses. They are highly knowledgeable about property prices and trends in their area and can help you find suitable properties, arrange viewings and guide you through the purchase process.
- In Canada, real estate agents' fees (including the buyer's agent) are generally paid by the person selling the house. Therefore, you don't pay the agent directly, but you'll pay them through the purchase price of the house.

Search for properties and make an offer

- Begin your house search based on your budget, desired location and specific criteria.
- Once you find a property that meets your requirements, work with your real estate agent to make an offer to the seller. The offer typically includes the purchase price, contingencies and proposed closing dates.
- When making an offer, it's important to indicate any specific requirements or conditions you may have for the purchase, such as a house inspection.

Secure financing

- **Finalize your mortgage financing** by providing the necessary documentation to the lender. This may include income verification, bank statements, proof of down payment funds and other financial records.
- Complete the mortgage application process and wait for approval from the lender.

Conduct home inspection and appraisal

- It's recommended to arrange for a professional home inspection to evaluate the property's condition and identify potential issues or defects before purchasing a home.
- Note that if you plan to arrange an inspection, it should be listed as a condition on the offer to buy.
- The lender you are using for financing may also require a home appraisal to determine the property's fair market value.

Review the purchase agreement

- Review the purchase agreement, which outlines the terms and conditions of the sale, including the purchase price, closing date and any contingencies.
- Consult with your real estate agent or a lawyer to ensure you understand the legal implications of the agreement before signing.

Closing and settlement

- Contact insurance providers to obtain home insurance coverage for the property. The insurance policy should be effective from the closing date.
- Attend the closing meeting, where you and the seller, along with any relevant parties, sign the required legal documents to transfer ownership of the property. Some provinces, including Quebec, may require a notary to finalize the purchase.
- Pay the closing costs, which may include fees for the mortgage, title search, insurance, property taxes (in some provinces), lawyer or notary fees and other closing-related expenses.
- Provide the down payment and any additional funds required to complete the purchase.

KEY THINGS TO KNOW ABOUT MORTGAGE LOANS



Mortgages are primarily used to enable individuals to become **homeowners**. Instead of paying the total purchase price up front, borrowers obtain a mortgage to finance a portion of the property's cost and repay it over time. Banks, credit unions and other financial institutions typically offer mortgage loans. These lenders evaluate the borrower's creditworthiness, income, employment history and the property's value to determine eligibility and loan terms, including the interest rate.

➔ **A down payment** is a percentage of the property's purchase price. The down payment amount can vary but is typically around 10% to 20% of the home's value, though the minimum amount required in Canada can be as low as 5% for the first \$500,000 of a property. A larger down payment can lead to more favourable loan terms and lower interest rates.

➔ **The interest rate** is the cost charged by the lender for borrowing the money. The interest rate can be fixed (remains the same throughout the loan term) or variable (changes over time, based on market conditions). It's influenced by factors such as the borrower's credit score, the loan term and prevailing economic conditions.

➔ **The amortization period** is how long it will take to finish paying off the loan. Typically, your mortgage will be amortized over 25 to 30 years; however, shorter periods are also available. If your loan requires mortgage insurance (see note about loan insurance on page 58), the maximum amortization period allowed is 25 years. A longer amortization period offers lower payments, but it will take more time to finish paying off the mortgage and you may pay more in interest.

➔ **The mortgage term** is the period during which you pay back your mortgage loan under the specific conditions, such as the interest rate. A typical term is between three and seven years, and once it's finished, you will sign a new term agreement and the conditions may be renegotiated.

➔ **A home equity line of credit (HELOC)** allows new or existing homeowners to access funds previously paid towards their mortgage. A HELOC can be useful for funding renovations or significant projects, but you will then need to make payments on the outstanding HELOC balance as well as your mortgage.

➔ If borrowers fail to make their mortgage payments as agreed, they risk **defaulting** on the loan. This can lead to foreclosure, where the lender takes possession of the property to recover the outstanding balance. Foreclosure can have significant financial and legal consequences, so it's crucial for borrowers to prioritize timely mortgage payments.

TRANSPORTATION IN CANADA



THE DIFFERENCE BETWEEN BUYING OR LEASING A CAR

GOOD TO KNOW

The decision between buying and leasing depends on your personal circumstances, preferences and financial goals.

When deciding between buying and leasing a car, it's essential to consider the advantages and disadvantages of each option. A car lease is similar to renting a home, where you sign an agreement to make payments in exchange for using the vehicle, whereas purchasing gives you complete control once the vehicle is paid in full. Here are the key points to consider:

Buying a car		Leasing a car	
<p>Advantages</p> <ul style="list-style-type: none"> • When you buy a car, you are the owner and can use it as long as you wish without restrictions, such as mileage limits or excess mileage charges. • You can purchase a car up front or secure financing to pay it off over time. As you make payments towards the car loan, you build equity and once the loan is paid off, you own the car outright. It becomes an asset that you can sell or trade in. • While the initial purchase price or monthly payment may be higher, owning a car for an extended period with the possibility of selling it can be more cost-effective than leasing in the long run. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Buying a car typically requires a higher upfront payment than leasing, including a down payment, taxes, registration fees and potentially higher monthly loan payments. • Cars depreciate over time, which means the value of the vehicle decreases. You bear the risk of depreciation, and when you decide to sell, the car's resale value will very likely be lower than the initial purchase price. • As the owner, you are responsible for the maintenance and repair costs of the vehicle once the warranty expires and certain parts of the vehicle may never be covered under warranty. 	<p>Advantages</p> <ul style="list-style-type: none"> • Leased cars are typically under warranty, so you are covered for most repair costs during the lease term. • Leasing provides flexibility at the end of the term. You can return the vehicle and lease a new one, purchase the leased vehicle at its residual value or walk away. • Short-term lease payments can be lower than loan payments, as you are paying for the depreciation and not the vehicle's total value since you will return it to the dealership when the lease is over. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • When you lease a car, you don't own the vehicle. You are paying to use it for a specific term. • Leases often come with mileage limits. Exceeding the predetermined mileage can result in additional charges. • At the end of the lease term, you may be responsible for excessive wear and tear charges, which can include damage beyond normal wear or usage. • Unlike buying, leasing a car doesn't build equity. You don't have an asset that you can sell or trade in.



RESOURCES FOR FINANCING YOUR CAR

There are several resources when it comes to financing the purchase of a car in Canada. Whether you're considering a new or used vehicle, various financing options and resources can help you make an informed decision. Here are a few of the main ones:

Banks and credit unions

- Canadian banks and credit unions offer auto loans with competitive interest rates. These financial institutions provide options for both new and used car purchases.
- If you prefer more flexibility in terms of loan usage, you can explore personal loans from banks or online lenders. Personal loans can be used for various purposes, including car financing. Be sure to compare interest rates and repayment terms to find a personal loan that suits your needs.

Dealership financing

Car dealerships often have in-house financing departments that can assist with arranging auto loans. They collaborate with various financial institutions to provide financing options to potential car buyers. Dealership financing may offer convenience and flexibility in terms of repayment options.

Online lenders

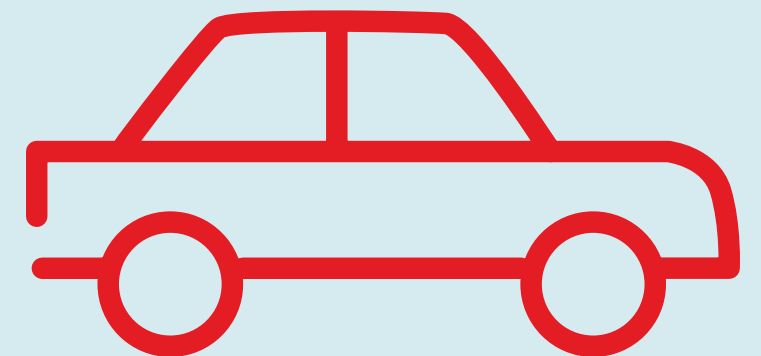
There are a number of online lenders that specialize in auto financing. These lenders typically offer a streamlined application process and quick loan approval. Before choosing an online lender, compare interest rates, terms and customer reviews to ensure you work with a reputable company.

Trade-ins and down payments

It's possible to offset the cost of a new car by using the value of a trade-in vehicle. Dealerships often offer trade-in options that can reduce the overall amount you need to finance. A significant down payment can also lower your loan amount and help secure better interest rates.

Government programs and grants

In Canada, various government programs and grants are sometimes made available to assist individuals in financing a car, particularly for specific demographics or environmental initiatives (e.g., government rebates for purchasing an electric vehicle). Research government programs that align with your circumstances before purchasing to explore potential financial assistance.



PUBLIC TRANSPORTATION IN CANADA

Public transportation in Canada includes various modes such as buses, trains, subways, trams, ferries and light rail systems. It will vary by region, with major cities offering comprehensive systems while rural areas have more limited options. Most forms of transportation will have the option to purchase a “pass” that’s valid for a certain period or to pay per use. Here’s an overview of public transportation in Canada:

<p>Buses</p> <ul style="list-style-type: none">• Buses are a standard mode of public transportation in cities and towns across Canada. They provide extensive coverage within urban areas and often connect suburbs to city centres.• Most cities have local transit authorities operating bus services, and fares are often valid for a set amount of time or within certain distances or zones.• Some cities also offer express or commuter bus services for longer-distance travel.	<p>Trains, subways and light rail transit (LRT)</p> <ul style="list-style-type: none">• Major cities such as Toronto, Montreal, Vancouver, Calgary and Ottawa offer access to an above- or below-ground subway, metro or LRT system, which can provide efficient and convenient transportation within the city and surrounding areas. These systems can be a great, affordable way to get around the city.• Commuter trains, such as GO Transit in the Greater Toronto Area and West Coast Express in Vancouver, connect suburbs to downtown areas, offering a convenient option for commuters.	<p>Ferries</p> <ul style="list-style-type: none">• Ferry services are crucial in connecting islands and remote communities in coastal areas. They are particularly prevalent in provinces such as British Columbia, Newfoundland and Labrador, and Nova Scotia.• Ferry services, such as the Toronto Island ferry service, are also available for transportation between mainland and island regions.	<p>Ridesharing and taxis</p> <ul style="list-style-type: none">• Taxis are widely available in most cities and can be hailed on the street or booked through phone calls and dedicated apps.• Ridesharing services and apps are available in many urban centres across Canada, providing an alternative to traditional taxis and public transportation.	<p>Accessibility</p> <ul style="list-style-type: none">• Canadian public transportation systems aim to provide accessibility options for people with disabilities. Many buses, and trains have ramps or lifts, and subway stations often have elevators or escalators.• Priority seating and other accommodations are available for individuals with disabilities or mobility challenges. Do not hesitate to make use of these if you have a disability, and respect the disability requirements of others.	<p>Fare systems</p> <ul style="list-style-type: none">• Fare systems vary by city and region. Some cities use fare cards or smart cards that allow passengers to load funds for multiple trips, while others use cash, tokens or electronic payment methods such as mobile apps or contactless payment cards.• Most cities provide online maps of their transit system to help users navigate, and some mapping apps also show up-to-date arrival and departure times.
---	---	---	---	---	--


HEALTH AND WELLNESS SERVICES



PUBLIC HEALTH CARE SYSTEM

Canada has a publicly funded health care system which provides essential medical services to residents. However, it's important to note that health care in Canada is primarily administered by the provinces and territories, resulting in some variations in coverage and specifics. Here is an overview of Canada's health care system:

GOOD TO KNOW
 It's important to note that the health care system in Canada is continuously evolving, and there may be changes or updates to coverage and conditions. The most important thing is to apply for and obtain your health card immediately. It's advisable to consult your provincial or territorial health authorities or health care providers for the most up-to-date information regarding health care coverage in your specific location.

<p>Provincial and territorial health insurance</p> <ul style="list-style-type: none"> • Each province and territory in Canada operates its own public health insurance plan, which covers medically necessary hospital and physician services. • Eligible residents are issued a health card that provides access to medically necessary services covered by their provincial or territorial plan. <p> Important: Some provinces may impose a waiting period on newcomers before granting them coverage under their health insurance system.</p>	<p>Medically necessary services</p> <ul style="list-style-type: none"> • Provincial and territorial health insurance plans cover medically necessary services, including doctor visits, specialists and hospital stays. • Coverage may also include diagnostic tests, surgeries, emergency care and specific medical procedures deemed necessary by physicians. 	<p>Dental care</p> <ul style="list-style-type: none"> • Dental care is not typically covered under public health insurance plans, except for certain hospital services, such as dental surgery related to a medical condition or trauma. • Most individuals obtain dental coverage through private insurance plans or pay for dental services out of pocket. 	<p>Prescription medications</p> <ul style="list-style-type: none"> • Prescription medications are not universally covered under public health insurance plans, except for specific populations including seniors or individuals receiving social assistance. • Some provinces have implemented their own drug coverage programs to help mitigate the costs of medications; however, most individuals obtain private drug coverage to cover the cost of medication. 	<p>Paramedical care</p> <ul style="list-style-type: none"> • Paramedical care refers to services provided by health care professionals such as physiotherapists, chiropractors, massage therapists and psychologists. • Coverage for these services varies by province or territory. Some plans may cover a certain number of visits or provide partial reimbursement, especially if prescribed by a doctor, while others require individuals to pay out of pocket. 	<p>Services dedicated to children</p> <ul style="list-style-type: none"> • Pediatric care, including routine checkups, vaccinations and necessary medical treatments, is generally covered under public health insurance plans. • Some provinces and territories also offer additional programs to cover certain services specific to children's health, such as dental care or prescription medications.
--	--	---	---	--	--

WORKING IN CANADA



AVAILABLE RESOURCES

Planning to work in Canada requires careful research and preparation. Here are a few useful resources:

The Government of Canada's immigration website

The [official website](#) of Immigration, Refugees and Citizenship Canada (IRCC) provides comprehensive information on different immigration programs, work permits and requirements.

Job Bank

The Government of Canada's [Job Bank](#) is an online platform connecting job seekers with employers nationwide. It provides a database of job openings, salary information and labour market trends.

Provincial Nominee Programs (PNPs)

Each province and territory in Canada has its own Provincial Nominee Program, which allows it to nominate individuals with specific skills or qualifications for permanent residency.

Check the websites of your province or territory for information on their PNP programs and eligibility criteria.

Settlement agencies and services

- Settlement agencies and organizations support newcomers in Canada, including assistance with job search, language training and settlement services.
- Examples include YMCA, COSTI Immigrant Services and ISSofBC.

Canadian embassy or consulate

The Canadian embassy or consulate in your home country can provide information and assistance around work permits, immigration procedures and requirements. Contact the embassy or consulate in your country for guidance.

Professional regulatory bodies

- If you plan to work in a regulated profession or occupation (e.g., health care, engineering or teaching), check the regulatory bodies in Canada responsible for your profession.
- These bodies can provide information on licensing, certification and obtaining recognition for your credentials to allow you to work in that field in Canada legally.

Networking platforms

- Online networking platforms such as LinkedIn can be valuable for connecting with professionals in your industry, exploring job opportunities and gaining insights into the Canadian job market.
- Create a strong profile and engage in industry-related discussions and networking activities.

GOOD TO KNOW

The processes and requirements for working in Canada can vary depending on your specific circumstances and the immigration program you are applying under, so do your research.

STUDYING IN CANADA



STUDENT DIRECT STREAM PROGRAM

GOOD TO KNOW

To learn more about GICs, you can find the definition on page 42 of the guide.

If you wish to study in Canada, there are several options and programs available to you. Here are a few to know. International students planning to study in Canada can take advantage of the Student Direct Stream (SDS) program. The SDS program aims to streamline the study permit application process and ensure students are well prepared to study in Canada.

Eligibility criteria

To qualify for the SDS program, students must meet the following criteria:

- Reside in one of the eligible countries (e.g., China, India, Morocco, Pakistan and others—see the [complete list](#)).
- Have an acceptance letter from a post-secondary designated learning institution (DLI) in Canada.
- Pay the first-year tuition fee up front.
- Provide a Canadian Guaranteed Investment Certificate (GIC) of CAN\$10,000 as proof of funds to cover living expenses. Here is a [link](#) to GIC options offered by National Bank.
- Submit the results of a language proficiency test demonstrating proficiency in English or French (as required by the DLI).
- In the province of Quebec, you will also need to have an “attestation of issuance” from the Ministère de l’Immigration, de la Francisation et de l’Intégration for your Quebec Acceptance Certificate (CAQ).

Required documents

Applicants under the SDS program are required to provide additional documentation to support their application. These include:

- A completed SDS application form.
- Proof of upfront payment of the first-year tuition fee.
- Proof of purchase of a participating Canadian financial institution’s GIC of CAN\$10,000.
- Medical examination results (if applicable).
- Police certificates (if relevant).
- Digital photographs meeting specific requirements.
- Copy of a valid passport.

Financial requirements

As part of the SDS program, students must demonstrate sufficient funds to cover their living expenses in Canada. In addition to the GIC requirement, applicants must provide evidence of meeting the minimum financial requirements set by IRCC.

Upon arriving in Canada, students will receive \$2,000 from their mandatory GIC and the remainder will be paid out monthly over the next year (similar to a monthly allowance).

Biometric enrolment

Students applying through the SDS program are required to enroll their biometrics (fingerprints and photographs) at a visa application centre (VAC) or an application support centre (ASC) before their application can be processed.



OTHER FINANCIAL RESOURCES AND SCHOLARSHIPS OFFERED TO INTERNATIONAL STUDENTS

Planning to study in Canada involves thorough research and preparation. Here are some valuable resources to help you in the process:

The Government of Canada's study in Canada website

The [official website](#) of the Government of Canada provides comprehensive information for international students, including study permits, programs, universities and colleges.

Canadian embassies, consulates and high commissions

- The Canadian embassy, consulate or high commission in your home country can provide guidance and information regarding study permits, visa requirements and application procedures.
- Contact the nearest Canadian diplomatic mission for accurate and up-to-date information.

Canadian immigration consultants

- If needed, you may choose to consult with a registered immigration consultant or lawyer who specializes in Canadian immigration.
- Ensure that the consultant you engage with is authorized and recognized by the Immigration Consultants of Canada Regulatory Council (ICCRC) or a provincial law society.

Canadian scholarships and financial aid

- Explore scholarship opportunities available for international students studying in Canada.
- Websites such as [ScholarshipCanada](#), [EduCanada](#) and [UniversityStudy.ca](#) provide information on scholarships, grants and bursaries offered by Canadian institutions, governments and private organizations.

Language proficiency tests

- Depending on your program of study, you may need to demonstrate your proficiency in English or French.
- Familiarize yourself with language proficiency tests such as IELTS, TOEFL or CELPIP for English and TEF for French.

Study abroad fairs and events

- Attend study abroad fairs, education expos and information sessions organized by Canadian educational institutions or education consultants in your home country.
- These events provide opportunities to meet representatives from Canadian institutions and to gather firsthand information.

GOOD TO KNOW

A nice bonus: Post-Graduation Work Permit (PGWP) eligibility

Upon completing their studies in Canada, students who graduate from a designated learning institution are eligible to apply for a Post-Graduation Work Permit (PGWP). The PGWP allows international graduates to work in Canada for a specified period, gaining valuable Canadian work experience.

Student associations and communities

- Connect with student associations and communities of Canadian educational institutions through their websites or social media platforms.
- They can provide insights into student life, academic support and cultural integration in Canada.

Educational institutions' international student services

- Most Canadian educational institutions have dedicated international student services offices to support and assist international students.
- Contact the international student services department of the institution you plan to attend for guidance on immigration matters, housing, health care and other student services.



ADDITIONAL SUPPORT



Deciding to change countries is a big adventure filled with exciting challenges!

Many of the tasks, challenges and responsibilities that await you will involve money and managing your finances.

You'll have to transfer your money, assets and investments to Canada and take expenses such as housing, transportation, clothes, insurance, education and so on into account. You might want to buy a house, apply for a credit card, loan or line of credit, make investments or plan for your retirement. That's why you'll need to work with a financial institution you trust.

We hope that the information provided in this guide will help you build a happy, healthy and prosperous future in your new home.

OTHER RESOURCES



- Fraud and cybersecurity tool:
[Fraud targeting newcomers – Canada.ca](#)
- Buying a home in Canada:
[A guide to buying your first home in Canada | National Bank \(nbc.ca\)](#)
- Glossary of home buying terminology:
[Mortgage terminology you need to know when buying a home | National Bank \(nbc.ca\)](#)
- Canadian health care system:
[The Health Care System in Canada | National Bank \(nbc.ca\)](#)



[nbc.ca](https://www.nbc.ca)