

Financial Terms

Words	What they mean
Principal	The money you put in a savings account or RESP
Interest	The bank pays you interest on the principal, currently about 0.05% - 3.0%. <u>You</u> pay interest when you borrow money or carry a balance on your credit card, about 10%-28%.
Earnings	Earnings that you are paid on your principal can be interest, dividends or capital gains, depending on what you invest your money in.
Chequing Account	Does not usually pay you interest.
Savings/Deposit Account	Pays a small amount of interest, about 0% - 2.5%.
Registered Retirement Savings Plan (RRSP)	A special long-term savings account to save for retirement or down payment for you first home. It <i>may</i> pay higher interest than a savings account.
RESP Subscriber	Person who puts money into the RESP.
RESP Beneficiary	Person who the RESP money is for.
RESP Provider	Bank or credit union that opens and holds the RESP for you.
Mutual Funds	Mutual funds are a collection of money market, bonds, and/or stocks. Can be low, moderate, or high risk investments. You may earn more money in a moderate or high risk investment, but your principal is NOT guaranteed. Talk to the bank about the risks and benefits of investments in Mutual Funds.



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