



# Canada Investment and Savings

Annual Report

Canada 

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This annual report covers fiscal year 1999-2000.

As a Special Operating Agency of the Department of Finance, Government of Canada, Canada Investment and Savings (CI&S) has a clearly defined role in managing the retail debt portion of the national debt. CI&S raises finances for the government by offering attractive, fully guaranteed savings and investment products to the retail market. This supplements the financing provided through the issuing of Treasury bills and marketable bonds to the wholesale market. To this end, CI&S is responsible for achieving the fundamental debt management objective of stable, low-cost funding by developing and implementing the retail component of the federal government's domestic debt program.



Jacqueline C. Orange

Organizations around the globe are reinventing themselves to meet the changing needs and expectations of their clients. They are adopting new technologies, changing the way they do business, and finding new ways to collaborate with like-minded organizations.

Changing and modernizing any business, especially one as long-established as selling Canada Savings Bonds, takes time. Transforming to meet these realities is achieved by consistent planning, learning and hard work. Unfortunately, there are no instant solutions. In 1999-2000, Canada Investment and Savings (CI&S) continued the transformation of the more than 50-year-old Retail Debt Program. Our top priority involved the development of new initiatives to improve access and efficiency, as we continued building on cornerstones established when CI&S was launched in 1996.

## What We Achieved

Making it easier and more convenient to buy Canada Premium Bonds (CPBs) and Canada Savings Bonds (CSBs), we introduced Canadians to buying directly from us by telephone. In building on the introduction of the CPB and an extended six-month sales period in 1998, buying by telephone marked a profound shift in the way we do business and deal with customers.

Our payroll conversion initiative reached another milestone, as we achieved 65 per cent of sales through the new Payroll Savings Program. We launched a pilot, offering a cost-effective Web-based solution for small businesses. This Web solution offers small organizations increased administrative efficiencies and enhanced benefits for employees, introducing hundreds of thousands of Canadians to a better way of purchasing Canada Savings Bonds.

These initiatives, and others highlighted in this report, resulted in a reasonable retail share of the government's total market debt being maintained at 21 per cent. This was achieved in a market place marked by severe interest rate volatility during our peak selling season. A summary of budget expenditures shows that total expenditures for 1999-2000 saw a slight increase compared to 1998-1999, and were well below planned expenditures despite substantial investments in infrastructure at the Bank of Canada.

Our hard work was recognized as we received a number of accolades this past year. In November 1999, the new Payroll Savings Program was recognized by the Canadian Information Productivity Awards (CIPA) with an Award of Excellence in the organizational transformation category. As well, for the second consecutive year, CI&S received a Mobius Award for its television commercials, chosen from more than 5,000 entries from 36 countries worldwide.

To succeed, CI&S must be close to its clients and to the markets in which it does business. We must create new opportunities and share our ideas. Over the past year, CI&S established several strategic alliances focused on new ways of connecting with our target groups, raising awareness of the Retail Debt Program and the fundamental importance of saving.



We organized the first-ever International Retail Debt Conference involving Ireland, the United Kingdom and the United States. In collaboration with YTV Canada Inc., Groupe TVA, the Canadian Library Association, l'Association pour l'avancement des sciences et des techniques de la documentation, and public libraries across the country, CI&S launched a national youth savings initiative. "Great Canadians Save" helped to heighten awareness among young people and their families about the importance of developing sound saving habits. CI&S also joined together with the Canadian Bankers Association's YourMoney Network, which provides Canadians access to a network of online financial information and resources.

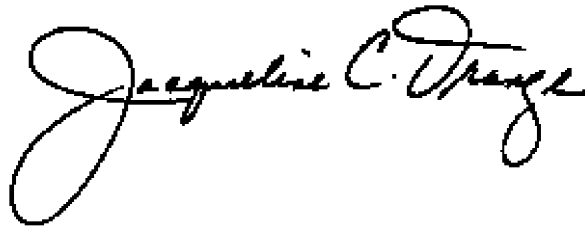
#### The Future

CI&S operates in a market where expectations include low inflation and low nominal interest rates. There is also a growing sophistication by savers and investors, high levels of competition and innovation, and continuing advances in technology.

Careful and consistent planning will allow us to maintain the momentum we have generated on the road of business transformation to meet these market challenges. Valued service to Canadians is at the centre of our efforts to provide products and services that are more integrated and accessible. We will look at new technologies to further our objectives and mandate. And we will continue to value collaboration with both the government and the private sector. Above all, we will continue to provide Canadians with safe, secure and relevant products that meet their savings and investment needs.

Thank You

As in the past, we will achieve our objectives through the sustained efforts and leadership of our employees. Like any team effort, accomplishments of the past year would not have been possible without the support and collaboration of many individuals and organizations. I want to recognize the employees of CI&S who continue to innovate each and every day. With the help of the Bank of Canada, which delivers our support and operational systems, and the Department of Finance, we recognize the important role that retail debt continues to play in the fabric of our country.

A handwritten signature in black ink, reading "Jacqueline C. Orange". The signature is fluid and cursive, with a large initial 'J' and 'O'.

Jacqueline C. Orange  
President and Chief Executive Officer  
Canada Investment and Savings

As a Special Operating Agency of the Department of Finance, we are fully accountable for our performance to the Minister of Finance. As part of this accountability, we report on our performance based on a three year business plan. These are the results for 1999-2000:

#### Continuing Six-Month Sales Pilot for CSBs and CPBs and Introduction of Direct Telephone Sales

- 1997-1998 marked the first time in more than 50 years that two products were on sale at the same time: the CSB and the new CPB. Canadians were once again able to purchase CSBs and CPBs during the six-month campaign on a pilot basis. The campaign ran from October 4, 1999 to April 1, 2000.
- In February and March 2000, Canadians had the opportunity to buy CSBs and CPBs, including a registered retirement savings plan (RRSP) option, directly from the Government by telephone.

#### An Expanded Focus on Youth

- CI&S launched a national youth promotion in the fall of 1999 – Great Canadians Save – with the objective of reaffirming New Canada Savings Bonds as saving and gifting vehicles. With a focus on helping youth and their parents better understand the importance of saving, the promotion garnered 6,700 entries resulting in 20 prize winners from across Canada. A Web site geared to youth was also developed featuring a series of games and challenges in the mythical Land of Toog. The Web site is located at [www.kidscansave.gc.ca](http://www.kidscansave.gc.ca).



#### New Web Site Payroll Option for Small- and Medium-Sized Businesses

- The new Payroll Savings Program was enhanced with a new Web site transmission option. Aimed at small- and medium-sized employers, the pilot allowed organizations sponsoring the new Program to transmit their employees' purchases of CSBs through payroll deductions over the Internet.

#### Special Millennium Edition Bond Certificates

- Beginning with the January 1, 2000 issues and concluding with the December 1, 2000 issues, the CSB and CPB featured special Millennium Edition certificates to commemorate the new millennium.

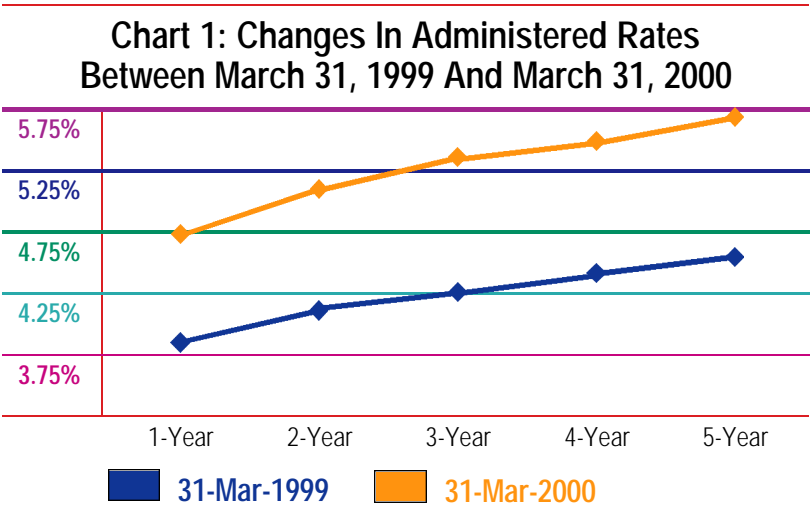
## Setting 2000-2001 Plans and Priorities

A number of plans and priorities have been established for this fiscal year, as outlined in our 2000-2001 Retail Debt Plan released in August 2000. Each of these initiatives is aimed at providing Canadians with improved access to investments that meet their needs.

- **Direct Telephone Sales:** In response to strong customer interest, this pilot initiative will continue in 2000-2001.
- **New Web Site Payroll Option for Small- and Medium-Sized Businesses:** After completing a successful pilot last year, this option will be offered to approximately 8,000 employers.
- **Electronic Sign-Up for the New Payroll Savings Program:** A new on-line application form will be piloted enabling individuals to sign-up for the Program from their desktops. This initiative marks the first step toward offering fully integrated on-line services in the workplace.
- **Six-Month Sales Campaign for CSBs and CPBs:** Canadians will once again be able to purchase CSBs and CPBs for six months, as part of a continued pilot between October 2000 and April 2001.
- **Expanded Focus on Youth:** CI&S will refresh its youth Web site, keeping the on-line resource relevant to young Canadians. In addition, a new on-line contest will be introduced.
- **Exploring Alternative Back-Office Operations Support:** As the fiscal agent and registrar for the Retail Debt Program, the Bank of Canada is exploring more efficient and manageable means of delivering back-office operational support. The Bank of Canada will remain fully accountable for the payment of interest and principal, the privacy of accounts, and the provision of customer service. The Department of Finance, through Canada Investment and Savings, remains responsible for the Retail Debt Program.

## The Financial Markets

Administered rates flattened out through the summer of 1999 before rising about one per cent between September 1999 and March of 2000 (Chart 1). Most of this rate movement occurred within a three-week span of our key October selling period. The equity markets continued to surge ahead in 1999-2000 with the Toronto Stock Exchange 300 posting 43 per cent gains by March 31, 2000 compared to the year prior.



Within this financial marketplace, the federal government has commitments to deliver a balanced budget or better in each of the next two years. Debt repayment remains a priority, and the government expects to continue to pay down its market debt over time. While significant progress has been made, with \$20.4 billion of market debt retired in the past three years alone, the level of market debt still remains significant (\$456.4 billion at March 31, 2000). Prudent debt management includes providing reasonable cost stability under a range of economic scenarios and maintaining of a diversified investor base.

## Results

Despite the unique rate situation in October, CI&S maintained the retail share of federal market debt at 21 per cent. Gross sales for the year were \$2.8 billion with net sales of -\$1.5 billion, an improvement in both absolute and percentage terms from last year, resulting in a non-marketable portfolio of \$27.1 billion at March 31, 2000.

The stability of the payroll component of our sales was underscored, with approximately \$1.3 billion in annualized sales. However, the marketable component of our portfolio saw shrinkage as, for the first time in our review of the data, holdings of marketable government securities in mutual funds declined, resulting in a marketable portfolio of \$69.6 billion. This brought the total retail portfolio to \$96.7 billion for the year.

**Chart 2: Status of Retail Debt Portfolio**

	Actuals	Actuals
<i>(Debt holding in billions of dollars)</i>	1998-1999	1999-2000
Total retail non-marketable (1)	28.6	27.1
Total retail marketable direct and indirect (2)	75.0	69.6
Total Government of Canada retail debt	<b>103.6</b>	<b>96.7</b>
Total Government of Canada market debt (3)	<b>460.4</b>	<b>456.4</b>
Total retail as % of total Government of Canada market debt	23%	21%
Total gross sales of non-marketable retail debt	5.0	2.8
Change in retail non-marketable portfolio	(2.2)	(1.5)

Notes: (1) These numbers are from the Bank of Canada (BoC) audited "Statement of Government of Canada Debt Outstanding as at March 31, 2000". The Public Accounts and other Department of Finance publications indicate for fiscal year 1998-1999 \$ 27.7 and \$26.5 for fiscal year 1999-2000. The following explains the variance:

	1998-1999	1999-2000
Public Accounts (Table 6.4)	27.7	26.5
Adjustments for matured debt and CSBs held in accounts of employees reported in other tables of the Public Accounts. These numbers also include accrued sales from the original Payroll Savings Program.	0.9	0.6
Balance as per BoC Audited Statements	28.6	27.1

(2) Retail marketable debt includes two components:

- i) marketable direct (marketable Government of Canada securities directly held by individuals, most of which are marketable bonds and Treasury bills sold through intermediaries) and,
- ii) marketable indirect (marketable Government of Canada securities indirectly held by individuals through mutual funds. Strip bonds are also included in this category).

Source: Canada Investment & Savings.

(3) Public Debt comprises market and non-market debt:

- i) Market debt is the portion of debt that is funded in the public markets and includes marketable bonds, Treasury bills, non-marketable retail debt (primarily Canada Savings Bonds), and foreign-currency denominated bonds and bonds issued in the Canada Pension Plan.
- ii) Non-market debt includes the government's internal debts which is for the most part federal public sector pension liabilities and the government's current liabilities (such as accounts payable, accrued liabilities, interest and payment of mutual debt).

Source: Department of Finance.



To celebrate the new millennium and the long and proud history of Canada Savings Bonds, a special Millennium Edition certificate was developed for CSBs and CPBs on sale between December 2, 1999 and December 1, 2000.

With a significant percentage of bond buyers purchasing their bonds as gifts, the commemorative certificate proved to be popular among Canadians.

## Improving Access

Improving access to Government of Canada retail debt securities remains an important objective for CI&S. To this end, the Agency has focused on finding new ways to meet the changing savings and investment needs of Canadians. We have also focused on making it easier and more convenient for sponsors of the Payroll Savings Program and our sales agents to offer New Canada Savings Bonds.

## More Products, Longer Sales Periods and Telephone Sales

Canadians were able to purchase Canada Savings Bonds (CSB) and Canada Premium Bonds (CPB) directly by telephone for the first time, as a pilot program was introduced in February and March 2000. Our call centre took some 8,300 calls, resulting in some 2,200 direct sales. This represents a ratio of about 4:1. Research in the spring of 2000 indicated that approximately 10 per cent of Canadians purchase investment products by telephone. These findings, in conjunction with the favourable results of our pilot, led us to continue our telephone sales offer in the 2000-2001 campaign.

A choice of retail debt products and a longer sales period have proven to be popular among Canadians. CI&S built on several initiatives that have been successful over the past few years. This includes having two products on sale at the same time – the traditional Canada Savings Bond and the new Canada Premium Bond. The CPB accounted for approximately 33 per cent of gross sales, but this rises to more than 60 per cent when the payroll market is excluded from the measure (the CPB is not currently offered in payroll). Canadians are embracing the new product and its features, which include a higher rate of interest in return for a little less liquidity.



The IT industry has recognized business transformation in the Payroll Savings Program. In November 1999, CI&S and the Bank of Canada were presented with an Award of Excellence at the Canadian Information Productivity Awards (CIPA) for their efforts in re-engineering the Program.

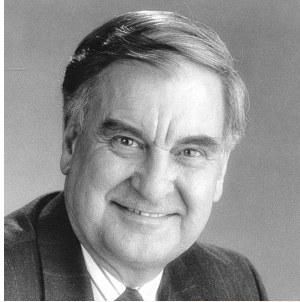
Additionally, New Canada Savings Bonds were once again available during an extended sales period from October 4, 1999 to April 1, 2000. An increasing number of Canadians purchased their bonds outside of the traditional October sales period, with 22 per cent of sales occurring between November 2, 1999 and April 1, 2000. This marks reasonable growth from last year, when about 12 per cent of sales came from outside the traditional sales window.

### Saving at Work

Almost one million Canadians across the country enjoy the convenience of purchasing their Canada Savings Bonds through the Payroll Savings Program.

The conversion process continued during the campaign year, as an additional 1,450 sponsoring employers and 165,000 employees converted to the new Payroll Savings Program. A total of some 4,600 companies and 460,000 employees, representing 65 per cent of gross sales from the payroll sales channel, were converted to the new Program, up from about 50 per cent in 1998-1999. We continue to receive positive feedback about the new system, which improves administration by up to 70 per cent for employers and offers more flexibility to employees.

In an effort to improve efficiency and move to an integrated Web strategy, CI&S introduced several new on-line initiatives. We recognized that smaller employers were converting to the new Payroll Savings Program at lower rates than other companies because of their cost structures. In response, CI&S and the Bank of Canada developed an electronic transmission option for small- and medium-sized businesses, allowing them to transmit employee purchases of CSBs over the Internet. This effort was among the first Government business-to-business E-commerce initiatives in Canada.



Corporate leadership continues to be a driving force behind the success of the Payroll Savings Program. Guy Saint-Pierre, Chairman of the Board, SNC-Lavalin Group Inc., was appointed as the 1999 National Campaign Chair for the New Canada Savings Bonds Payroll Program. In this capacity, he assisted CI&S in building awareness about the value of the Program within the business community. Working together with Jacqueline Orange, Mr. Saint-Pierre's leadership was integral to the continued success of the new Payroll Savings Program.

As a result of our ongoing sales efforts, including offering the Payroll Savings Program during the spring and the fall, approximately 200 new organizations sponsored the Program for the first time. With more employers recognizing the value of such an important program, more employees will benefit by having the opportunity to save.

### **Raising Awareness with Cost-Effective Advertising and Marketing**

With increasingly fragmented media and a crowded marketplace, CI&S has worked to be cost-effective and to deliver results. We successfully launched the direct telephone sales pilot using a Free Standing Insert vehicle. We also continued to build on our highly successful "Canadian values" advertising campaign, with an additional television commercial added to the pool. Marketing expenditures were at the same level as the previous year.

Important brand work continued. Messages of "being on solid ground" with New Canada Savings Bonds and "perfect for the secure part of any portfolio" continued to be reinforced. Research indicates that brand recognition continues to improve with tracking of key messages, indicating that Canadians increasingly see CSBs as "more relevant" and "for people like them."

Over the past year, CI&S established several strategic alliances focused on connecting with our target groups, raising awareness of the Retail Debt Program, and promoting the fundamental importance of saving.



*CI&S has developed an international reputation for the "You're on Solid Ground" advertising campaign. Once again in 1999, the Agency was chosen among thousands of entries to receive a prestigious Mobius Award in the Financial Services category.*

The Agency developed a unique national savings promotion in collaboration with key partners to heighten awareness among youth and their parents about the importance of saving. Partners included the Canadian Library Association, and l'Association pour l'avancement des sciences et des techniques de la documentation, YTV Canada, Inc. and Groupe TVA. By cooperating with organizations that have direct experience in working with youth, we were able to develop a program that was educational, interactive and engaging for thousands of young Canadians.

The initiative included a new savings Web site for young people, encouraging them to develop sound saving habits by starting early, sticking with a plan and paying themselves too. We also supported a national contest titled "Great Canadians Save" in collaboration with close to 3,000 public libraries across Canada. To enter the contest, Canadians up to the age of 16 years were asked to explain a special savings goal. More than 6,700 young people participated in this initiative, representing each province and territory across the country. Twenty winners were selected to receive a \$500 Canada Savings Bond and a toque-full of toonies (\$2 coins).

The winning entries were incorporated into a commemorative book, the Maple Leaf Volume, which was placed on display at the National Library of Canada in Ottawa during Investor Education Week.

One interesting outcome is that more than 40 per cent of young Canadians participated in the program via the Internet. CI&S has incorporated this learning into developing an on-line youth saving contest for 2000-2001.



*The Honourable Paul Martin, Minister of Finance, and Jacqueline Orange visit students at the Ottawa Public Library in October 1999 as part of the "Great Canadians Save" youth program.*



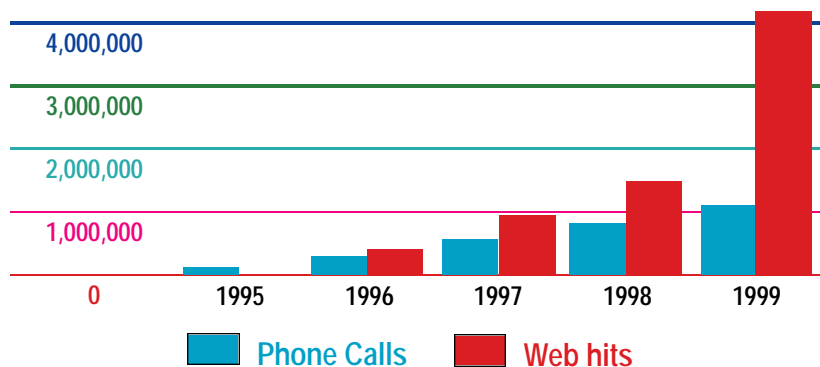
## Better Service Through All Channels

Quality service delivery continues to be a priority. We continue to work with our distribution partners in all channels to ensure the highest level of service standards.

In 1999, CI&S began working with faculty at the Schulich School of Business at York University to develop a case study that will engage students in a study of Canada's Retail Debt Program. This case study will be introduced in 2001.

For those turning to us directly for service, customer and organization contact has changed dramatically. In 1995, the first toll-free phone number was introduced for accessing bondholder information. In 1999-2000, the Call Centre handled more than 1.1 million calls of which about 1 million were Customer Service Representative assisted. The call centre also sent out more than 10,000 information and sales kits. These calls represent a 38 per cent increase in volume from the prior year, much of which is attributable to the continued rollout of the new Payroll Savings Program.

Chart 3: More Customer Contact



Despite increasing our call handling capacity, our service standards of 80 per cent of calls answered within 20 seconds, and an abandoned rate of no greater than two per cent, was maintained.

Information technology is improving access to services and enhancing our ability to serve clients. We launched a re-engineered consumer Web site ([www.csb.gc.ca](http://www.csb.gc.ca)) making it easier for Canadian savers and investors to choose a product or service that is right for them. This included addressing privacy and security concerns, improving navigation for quicker access to information, and adding an on-line Customer Service Centre. This allows visitors to communicate with us more conveniently for simple registry changes, to create a record of their bonds, or to change direct deposit information and much more.

From October to April 1, 2000, there were a total of approximately 4.3 million hits to our Web sites. These numbers indicate that our clients are turning to the Internet more often to access information. Research tells us that the main utilities provided on the consumer site are our calculators, which enable bondholders to calculate the value of their bonds.

At the same time, we also enhanced public access to bond information by joining together with other consumer-based government services. Industry Canada's consumer information portal is an example of laying the foundation for one-stop access to information.

### **Improving Our Operations**

Significant investments in new and streamlined systems have been undertaken over the past several years. The work was demanding and transformation to an organization that is more efficient, responsive and flexible is by no means over. As we reflect on our progress, accomplishments are several.

## Consolidated Systems and Processes for Better Performance

The benefits of the new register at the Bank of Canada, the Retail Debt Management System (RDMS), were well demonstrated this past year. Supporting the sales, bond deliveries and redemptions through financial institutions, the new increased capacity facilitated the consolidation of what had been many business processes. This resulted in more efficient operational support and better customer service. On-line exception handling was reduced from two per cent to about 0.6 per cent. With improved file integrity, delivery of bond certificates to sales agents was reduced to about 11 days, resulting in a substantial benefit to our clients. The number of requests for change of address and direct deposit also fell as account information was improved. Finally, automation of interest payments to approximately one million regular-interest bondholders improved delivery of interest payment by the appropriate date.

The investment supporting the new Payroll Savings Program register, the Direct Retail System (DRS), also began to pay off in 1999-2000. The Intelligent Forms Processing System, allowing us to process payroll applications more quickly and efficiently, successfully processed about a quarter million application and change forms with an annual savings of almost \$1 million. Accuracy of data transmitted each pay cycle was also improved with an average error rate of less than 0.5 per cent.



Finally, improved management of processes has resulted in reduced processing time and improved effectiveness. Highlights in these areas include:

- Improving our average elapsed time to process a lost bond;
- Substantial improvement made to the processing of sponsorship forms and a reduction in error rates; and
- Improving timely distribution of payroll material by six weeks over the prior year.

### Innovations

Several innovations were notable as we addressed new opportunities:

- In an effort to reduce costs and complexities, a non-certificated pilot was undertaken with investment dealers. Two major dealers converted certificated debt into non-certificated form, returning approximately \$500 million par value of certificates to the Bank of Canada.
- In an effort to address technical limitations to small organizations sponsoring the Payroll Savings Program, the new secure Web site used, for the first time, the Bank of Canada Public Key Infrastructure (PKI).

### Y2K Readiness

Testing was done and system changes were made to ensure Y2K compliance. As a result, we had an extremely smooth millennium rollover. The work done on assessing risks and prioritizing service delivery will form the basis for on-going contingency arrangements.



From left to right:

Louise Montague

Vice President, Sales and Distribution

Chantale Cousineau-Mahoney

Vice-President, Corporate Services

Jacqueline Orange

President and Chief Executive Officer

Clifford Prupas

Vice President, Product Management

Paul Bailey

Vice President, Marketing Services

**Chart 4: Summary of Budget Expenditure**

Fiscal Year (in thousands of dollars)	1998-1999	1999-2000	1999-2000
	(Actuals)	(Planned)	(Actuals)
<b>Canada Investment &amp; Savings</b>			
Direct controllable expenses	25,312	29,024	24,010
Commissions and sales force remuneration	44,380	48,485	38,896 (1)
<b>Total - CI&amp;S non-variable and variable costs</b>	<b>69,692</b>	<b>77,509</b>	<b>62,906</b>
<b>Bank of Canada</b>			
Systems and Operations (2)	67,695	83,791	77,978
<b>Total - Retail debt program expenditures</b>	<b>137,387</b>	<b>161,300 (3)</b>	<b>140,884</b>

## Notes:

(1) Includes the sales commissions to Financial Institutions (FIs) and amortized sales commissions from previous years, redemptions and sales force variable compensation (bonuses). This expenditure item is lower than forecast (\$39 million versus a forecast of \$48 million) due to savings generated through the new compensation package negotiated with the FI's together with lower than expected redemptions and lower cash sales.

(2) The increase in planned expenditures was required to account for the additional staff for the conversion to the New Canada Savings Bonds Payroll Program. These numbers include the IT expenditures undertaken by the Bank of Canada for the Retail Debt Program which were reported separately in previous annual reports.

(3) This amount reflects the forecast spending published in the 2000-2001 Department of Finance Report on Plans and Priorities adjusted to exclude \$ 0.4 M in Employee Benefit Plan (EBP) which are accounted for separately from the Retail Debt Program.

Chart 5: Expenditure Breakdown 1998-1999

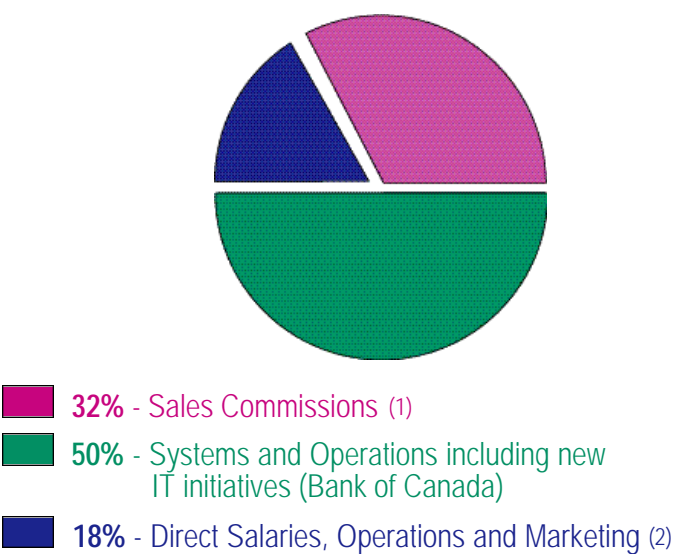
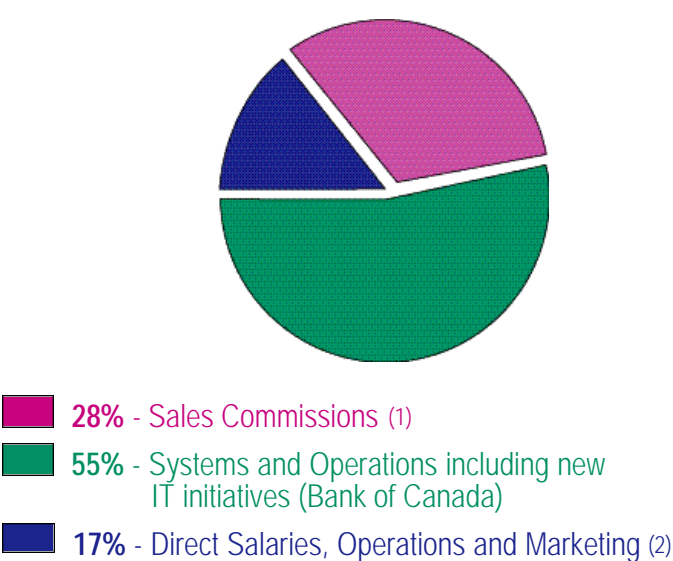


Chart 6: Expenditure Breakdown 1999-2000



Notes:  
(1) Marketing costs related to advertising were \$11.5M in 1998-1999 and \$11.6M in 1999-2000; Bank of Canada Distribution, Publishing and Printing, \$4.6M in 1998-1999 and \$4.8M in 1999-2000; and Market Research, \$0.8M in 1998-1999 and \$0.6M in 1999-2000.  
(2) Includes commissions paid to Financial Institutions, amortized sales commissions from previous years, redemption fees and variable compensation to the payroll sales force.

### Canada Premium Bonds

Canada Premium Bonds are fully guaranteed by the Government of Canada and offer a higher rate of interest than the original Canada Savings Bonds on sale at the same time. Canada Premium Bonds can be redeemed once a year on the anniversary date and during the 30 days thereafter without penalty.

### Canada Savings Bonds

With guaranteed returns and the option of redeeming at anytime, Canada Savings Bonds provide both maximum security and maximum flexibility. They are fully backed by the Government of Canada with rates of interest that will be increased when market conditions warrant. They can also be purchased at work through convenient payroll deduction.

### RRSP and RRIF Options

Both the Canada Savings Bond and Canada Premium Bond come with no fee RRSP and RRIF options. This means all the security of the bonds is combined with all the benefits of an RRSP or RRIF.

### Marketable Bonds

Marketable Government of Canada bonds are usually issued for terms of more than one year and have fixed semi-annual interest payments. The bonds are non-cashable prior to maturity but they can be bought and sold at market prices that vary from day-to-day. They can be purchased or sold at either a premium or a discount to the face value of the bond, depending on interest rates. You can find bonds in the marketplace with remaining terms to maturities ranging from one month to 30 years.

### Treasury Bills

Treasury bills are marketable securities that are issued periodically with terms of 98 days, six months, and one year. Treasury bills are usually sold at a discount to the principal amount and mature to the face value of the bill. Like marketable bonds, you cannot cash these prior to maturity, but they too can be bought and sold at market prices that vary day-to-day.

### Real Return Bonds

This product features fixed semi-annual interest payments, adjusted in relation to the Consumer Price Index (CPI) for Canada. These bonds are stable and protect you against inflation over the long term. You cannot cash them prior to maturity, but they can be bought and sold at market prices, which vary according to changes in real yields and fluctuations in the CPI.



## Definition of Debt Terms

**Public debt** is the outstanding financial obligations of the Government of Canada, including both market and non-market debt.

**Market debt** is the portion of debt that is funded in the public markets and includes marketable bonds, Treasury bills, non-marketable debt (primarily Canada Savings Bonds), foreign-currency denominated bonds and bills, and bonds issued to the Canada Pension Plan.

**Non-market debt** includes the government's internal debt, which is for the most part federal public sector pension liabilities and the government's current liabilities (such as accounts payable, accrued liabilities, interest and payment of matured debt).

**Retail debt** includes those Government of Canada securities held by individual Canadians. There are two principal categories: non-marketable securities, which include Canada Savings Bonds and the new Canada Premium Bonds, and marketable securities which include Real Return Bonds, marketable bonds and Treasury bills.

#### Direct by Telephone and Mail

Canadians can buy Canada Savings Bonds and Canada Premium Bonds directly by telephone by calling 1 888 773-9999. New Canada Savings Bonds can also be purchased directly by mail by requesting a sales kit.

#### Financial Institutions

During the annual sales campaign, New Canada Savings Bonds can be purchased wherever Canadians bank or invest, including banks and trust companies, investment dealers, savings and loan companies and credit unions.

#### The Workplace Through Payroll Deduction

Canada Savings Bonds can be purchased by regular payroll deduction from sponsoring organizations through the New Canada Savings Bonds Payroll Program. The money is taken off employees' pay cheques on a regular basis and directed into individual plans.

#### Independent Financial Planners and Advisors

New Canada Savings Bonds can be purchased through qualified sub-agents, such as financial planners, during the annual sales campaign.

#### Internet

Canadians can access complete information about our products and plans by visiting [www.csb.gc.ca](http://www.csb.gc.ca).

If you have any questions, do not hesitate to contact us at  
1 800 575-5151 or link to us through the Web site at  
[www.csb.gc.ca](http://www.csb.gc.ca).

Canada Investment and Savings  
110 Yonge Street  
Suite 900  
Toronto, ON M5C 1T4