



# Canada Investment and Savings

2004–2005 Annual Report



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## → Background and mandate

Canada Investment and Savings (CI&S), a special operating agency of the Department of Finance Canada, works in partnership with the Financial Sector Policy Branch of the Department and the Bank of Canada to manage the Retail Debt Program.

The Government of Canada uses the Retail Debt Program to raise funds from, and provide secure investments to, individual investors in Canada. The program includes two non-marketable instruments—the Canada Savings Bond and the Canada Premium Bond—that are sold over-the-counter through financial institutions, through payroll deduction, and direct through telephone and the Internet.

The mandate of CI&S is to deliver a vibrant, creative, and cost-effective Retail Debt Program that provides value to Canadians, contributes to a diversified investor base, and ensures that Canadians are aware of, and have access to, Government of Canada securities.



## → Report of the President and Chief Executive Officer



Louise Montague

The 2004–05 fiscal year was a challenging year for the Canada Savings Bonds program. Continuing record low interest rates, stronger equity markets, and a rising rate environment in October 2004 significantly affected cash sales through

financial institutions, through the Internet, and by phone.

The Payroll Savings Program distinguished itself, however, with the fifth consecutive year of growth. Nearly one million Canadians choose the Payroll Savings Program as their preferred way to save for their goals. Growth continued in the number of payroll customers using the online purchase, inquiry and redemption service. Special thanks are due to Leonard Edwards, Deputy Minister, Agriculture and Agri-Food Canada, who served as Campaign Chair for the Public Service of Canada Payroll Savings Program during the year and helped expand this important program.

Total cash and payroll sales this year amounted to \$2.0 billion, compared to \$2.9 billion in 2003–04. Redemptions were lower than forecast but consistent with 2003–04, due in part to the

continued success of the pilot term extension that offered bondholders of maturing Canada Savings Bonds Series 47 an automatic 10-year term extension. Redemptions through the cash channel and the payroll channel were \$3 billion and \$1.3 billion, respectively, for a total of \$4.3 billion. Overall, the non-marketable debt portfolio stands at \$19.2 billion, decreasing 10.6 per cent from 2003–04.

As part of the ongoing strategy of cost-reduction, program expenditures decreased for the fifth consecutive year, down \$11.7 million or 11 per cent from 2003–04. This represents cost reductions of \$43.5 million over the past five years. Savings were achieved through expenditure reductions, lower back-office volumes, and reduced systems work.

The Canada Savings Bonds advertising campaign continues to be one of the most recognized in government. Post-campaign research showed that this year's advertising campaign had its highest levels of awareness among Canadians.

In 2004–05, the Government of Canada continued to assess the Retail Debt Program in the environment of an improved fiscal situation and a wide variety of savings and investment options available to Canadians. In September 2004, the government announced that it is looking to update and improve its retail debt strategy. As part of this review, consultations with stakeholders were conducted during the year to assess a variety of options for the future of the program.



The management team, staff, and partners kept the Retail Debt Program on course throughout a challenging year with professionalism, commitment and hard work.

Canada Savings Bonds, which were introduced in 1946, provide a safe savings vehicle for millions of Canadians. In particular, the security and full backing of the Government of Canada are attractive features for small savers and investors alike.

### Canada Savings Bonds Stories

Canada Savings Bonds have literally made dreams come true for my family and me. Our relationship with Canada Savings Bonds began in 1984. With a young family, a mortgage and university fees, putting money away for a family vacation of any kind seemed impossible. We'd been working very hard and knew we really needed a break. We wanted to take our son to Disneyland while he was still young. We didn't know how we were going to save the money. We signed up for Canada Savings Bonds through the payroll deduction plan. It was so easy. Each month we watched our dream get closer. Within a year we were on our way to California. Since then we've been hooked. Canada Savings Bonds have not only helped us save for special trips but also helped pay for some of our children's schooling. Plus, our Canada Savings Bonds were there when life handed us the unexpected. They have given us peace of mind and a sense of security on more than one occasion. Saving through Canada Savings Bonds is something real people can do. It's safe, flexible and convenient. Believe me, it's made our real world with our real lives a little easier.

**Barbara Craigie, Victoria, British Columbia**



## → Highlights

CI&S, together with the Department of Finance Canada and the Bank of Canada, is accountable to the Minister of Finance for the management and delivery of the Retail Debt Program. Performance reports are based on business plans. The 2003–04 annual report highlighted a number of planned activities for 2004–05.

### Improved access for Canadians

#### Payroll Savings Program

- Sales through the Payroll Savings Program saw the fifth consecutive year of growth to over \$1.47 billion.
- The number of payroll customers who registered for the online redemption and inquiry service, available at [www.mybonds.gc.ca](http://www.mybonds.gc.ca), increased by 80,000 participants to 350,000 by the end of 2004–05.

#### On-line initiatives

- The Canada Savings Bonds Web site's ([www.csb.gc.ca](http://www.csb.gc.ca)) main menu page was redesigned and introduced together with the annual fall launch in October. The home page was improved for easier navigation and to better showcase a variety of promotional initiatives, while continuing to provide access to key program information.

- The *Kids Can Save!* Web site ([www.kidscansave.gc.ca](http://www.kidscansave.gc.ca)) experienced a significant increase in visitor traffic, a result of an educational promotion with *POP! Canada's Adventure Magazine for Kids*.

#### Investment dealers

- The final phase of the Canadian Depository for Securities (CDS)-based distributor system was completed, enabling investment dealers to use their proprietary systems to process non-certificated Canada Savings Bonds transactions.

### Market development

#### Term extension

- The 10-year term extension pilot continued in 2004–05 for maturing Canada Savings Bonds Series 47. The initiative, designed to improve customer service, also significantly improved the retention of bonds.

### Greater outreach and innovation

#### Value-added research studies

- CI&S commissioned two studies in 2004–05. Among the findings of the National Savers Study was that Canadians are increasingly focussed on near-term goals. More than six in ten say they have a "rainy day" fund for emergencies or important purchases and that



this fund tends to reduce anxiety about their financial situation. The Benchmarking Study showed that the Canada Savings Bond and the Canada Premium Bond remain competitive relative to other similar offerings in the marketplace.

#### Advertising campaign

- This year's Canada Savings Bonds advertising program recorded all-time high levels of recall in post-communications research and was one of the most recognized among all Government of Canada advertising initiatives.

#### Stories from Canadians

- The fourth annual "Tell Us Your Canada Savings Bonds Story" initiative attracted a record 2,400 stories from Canadians across the country.

#### Program management

- Program expenditures were reduced for the fifth consecutive year. From fiscal 2003–04 to 2004–05, expenditures were reduced by \$11.7 million.



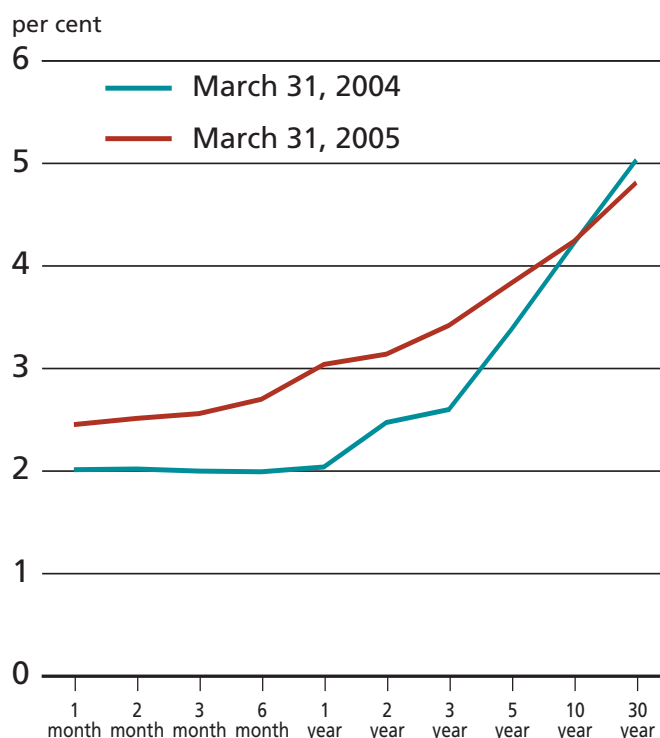
## → How we managed: 2004–05 in review

### Interest rates and economic environment

The Bank of Canada increased its key policy rate by 50 basis points between April 2004 and October 2004. The Bank of Canada did not increase its rate for the remainder of the fiscal year. The yield curve flattened with short-term rates rising and long-term rates falling. The Canadian equity market continued to rally in 2004.

Pricing Canada Savings Bonds was a challenge in 2004–05. As a result of interest rate movements in October 2004—the traditional and largest sales period—interest rates had to be reset for the November 1<sup>st</sup> issues of the Canada Savings Bond and the Canada Premium Bond. Over the remainder of the sales period until April 1, 2005, Canada Savings Bond and Canada Premium Bond interest rates varied slightly from the November 1<sup>st</sup> interest rates. Canada Savings Bond rates moved marginally higher, while Canada Premium Bond rates were priced slightly lower.

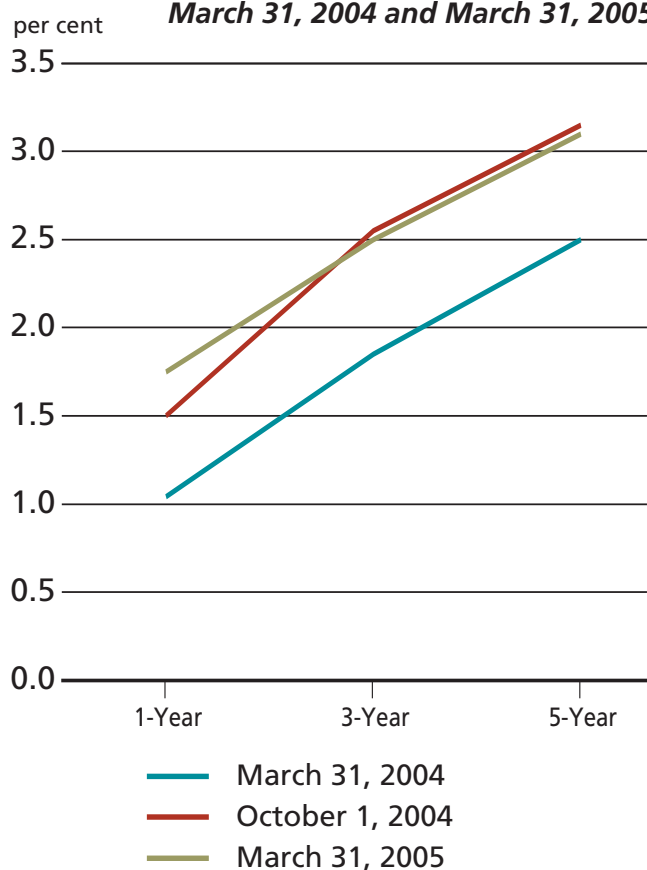
Chart 1: *Yield Curve*







**Chart 2: Changes in Median GIC Posted Rates**  
*March 31, 2004 and March 31, 2005*



### Canada Savings Bonds Stories

As I was growing up in Riverview, New Brunswick, my parents started a family tradition that is carried on with my children today. They were buying Canada Savings Bonds for me each year, without my knowledge. When I graduated from high school, my parents presented me with 18 years' of bonds. With this gift came a beautiful love note from my parents. In this note, they told me that they were very proud to have such a loving daughter and that I should use this money wisely. I cherish that note even more now because my mother has been very ill this past year. I used these bonds to pay for my first year of tuition at university. I wanted to do the same for my children, so when my first daughter was born, I bought a CSB through payroll deduction for her. Three years later, when my next daughter was born, I started doing the same. When they graduate from high school, I will give them 18 years' of CSBs along with a personal note in which I will tell them how proud I am of them.

**Tracey Theriault, Dieppe, New Brunswick**



**Chart 3:**  
**Interest Rates of Canada Savings Bond Series 90–95 and Canada Premium Bond Series 40–45**

Series	Issue Date	For the year beginning based on issue date				Matures in
		2004	2005	2006	2007	
Canada Savings Bond						
S90	November 1, 2004	1.50%	TBA*	TBA*	TBA*	2014
S91	December 1, 2004	1.50%	TBA*	TBA*	TBA*	2014
S92	January 1, 2005	–	1.65%	TBA*	TBA*	2015
S93	February 1, 2005	–	1.55%	TBA*	TBA*	2015
S94	March 1, 2005	–	1.55%	TBA*	TBA*	2015
S95	April 1, 2005	–	1.55%	TBA*	TBA*	2015
Canada Premium Bond						
P40	November 1, 2004	1.85%	2.45%	3.40%	TBA*	2014
P41	December 1, 2004	1.85%	2.45%	3.40%	TBA*	2014
P42	January 1, 2005	–	2.00%	2.50%	3.20%	2015
P43	February 1, 2005	–	2.00%	2.30%	2.60%	2015
P44	March 1, 2005	–	2.00%	2.30%	2.60%	2015
P45	April 1, 2005	–	2.00%	2.30%	2.60%	2015

\*Interest rates for remaining years until maturity will be announced at future dates.



## Financial results

The overall non-marketable debt portfolio stood at \$19.2 billion at March 31, 2005, decreasing 10.6 per cent from 2004, which was consistent with the plan to reduce the retail debt portfolio.

The most significant sales development was in the evolution of the sales mix among channels. This year, sales through the payroll channel saw the fifth consecutive year of growth to over \$1.47 billion. As a result of reduced sales through financial institutions, payroll sales represented 75 per cent of the sales mix, up from 49 per cent last year.

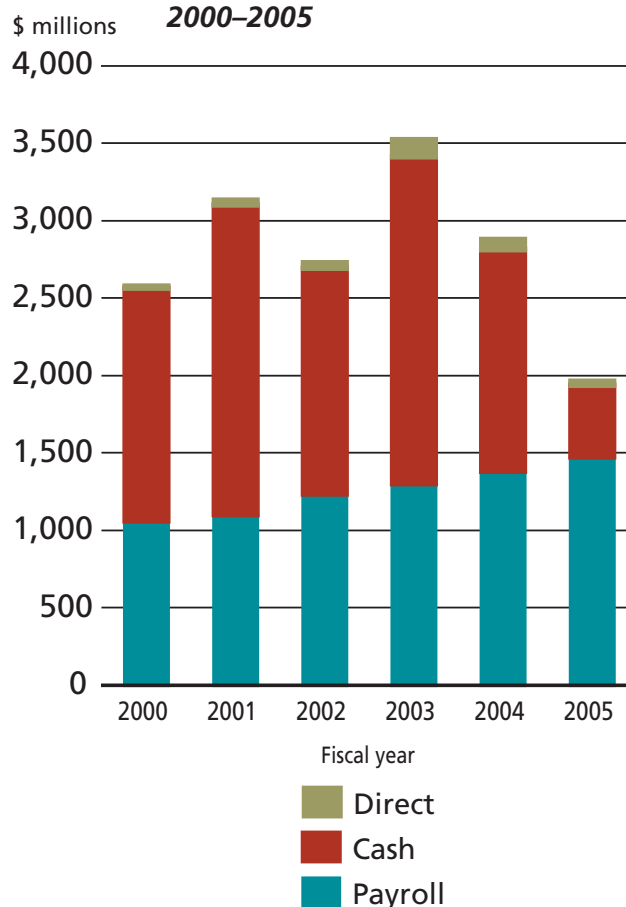
Record low interest rates, stronger equities market sales and a rising rate environment in October 2004 affected cash sales through financial institutions, which totaled \$464 million, down from \$1.4 billion in 2003–04.

Sales directly to Canadians over the telephone and Internet remained a small portion of the sales mix, amounting to \$28 million in 2004–05 or about 1 per cent.

Sales of Canada Savings Bonds totaled \$2.0 billion in 2004–05, decreasing from \$2.9 billion in 2003–04.

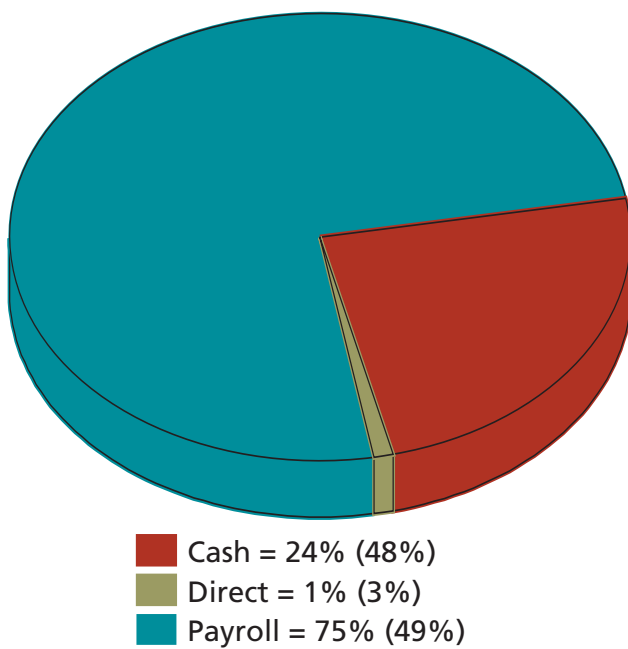
Redemptions remained stable at \$4.25 billion in 2004–05 and were below forecast. The successful 10-year term extension of Canada Savings Bond Series 47 helped to manage the decline in the overall portfolio by maintaining redemptions about flat to last year.

**Chart 4: Fiscal Sales by Channel,**  
2000–2005





**Chart 5: *Sales Channel Shares,***  
***2004–2005***



(Last year's percentage of sales in parentheses)





## Non-marketable debt portfolio

**Chart 6**  
**Sales, Redemption and Portfolio Results**

	2004–05	2003–04*	\$ Change	% Change
	(\$ millions)			
Outstanding as at April 1	21,527.8	22,877.5	(1,349.7)	–5.9%
<b>Sales</b>				
Financial Institutions and Investment Dealers	463.7	1,427.4	(963.7)	–67.5%
Payroll	1,473.5	1,383.3	90.2	6.5%
Direct <sup>†</sup>	27.7	70.6	(42.9)	–60.8%
<b>Total Sales</b>	1,964.9	2,881.3	(916.4)	–31.8%
<b>Redemptions</b>				
Financial Institutions and Investment Dealers	(2,952.5)	(3,049.5)	97.0	–3.2%
Payroll	(1,297.7)	(1,181.5)	(116.2)	9.8%
<b>Total Redemptions</b>	(4,250.2)	(4,231.0)	(19.2)	0.5%
Outstanding as at March 31 <sup>‡</sup>	19,242.5	21,527.8	(2,266.1)	–10.6%
<b>Total Government of Canada Market Debt<sup>§</sup></b>	435,441	440,231	(4,790.0)	–1.1%

Notes:

<sup>†</sup> Direct sales include direct telephone and Web sales.

<sup>‡</sup> Source: Bank of Canada audited *Statement of Government of Canada Debt Outstanding* as at March 31, 2005.

<sup>§</sup> See Glossary, page 23.

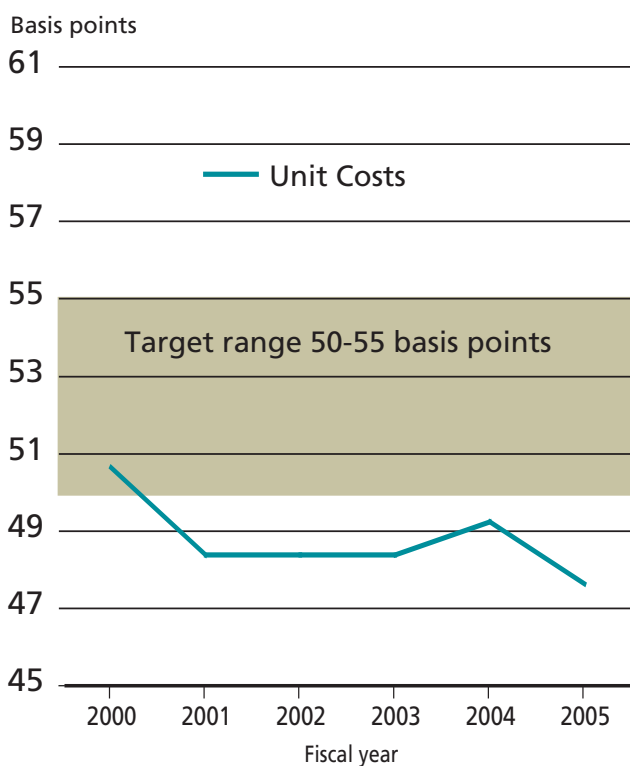
\* Comparative figures have been restated to conform to the method of presentation adopted in the current period.



## Unit costs

Unit cost is a measurement of the Retail Debt Program expenditure required to sell, redeem, and maintain \$1 of retail debt. As Chart 7 shows, these costs total about half a cent and have been held below the range of 50 to 55 basis points over the last five years.

**Chart 7: RDP Unit Costs**



\*One hundred basis points represent 1 per cent  
This chart indicates that the costs to sell, redeem and maintain \$1 of retail debt are approximately half a cent.

## Retail Debt Program review

In September 2003, as part of the regular Treasury Evaluation Program, the Department of Finance Canada launched a review of Canada's Retail Debt Program to ensure it is cost-effective and meets the evolving needs of both the government and Canadian investors. CI&S worked with the Department of Finance Canada to assess the views of Canadians and the expected future costs and benefits of the program.

Canadians have indicated that they continue to support the concept of a retail debt program and products that provide them with secure savings vehicles and the opportunity to hold a direct stake in the debt of Canada. The Retail Debt program continues to provide savings vehicles for about 3.9 million Canadians who hold \$19 billion in Canada Savings Bonds. It is expected that the review will be completed in 2005–06.

## Product management

### Reducing program costs

The online self-service redemption and inquiry option, available at [www.mybonds.gc.ca](http://www.mybonds.gc.ca), was promoted in 2004–05 as an easy and convenient way for payroll customers to manage their bond accounts. As a result, the number of customers who have registered for this service increased by 80,000 during the year, bringing the total of customers to 350,000 as at March 31, 2005.



Redemptions through this on-line service represented 30 per cent of total redemptions in 2004–05, up from 21 per cent the previous year, and provided the program with estimated savings of \$2.5 million in 2004–05.

### **Completing the CDS-based distributor initiative**

The final phase of the CDS-based distributor initiative was completed in 2004–05. This initiative is designed to convert certificates held by investment dealers on behalf of their customers to non-certificated bonds held at CDS. By August 2004, all remaining certificated bonds held by investment dealers were converted to non-certificated bonds held at CDS and are expected to generate annual operational cost savings of \$200,000 starting in 2005–06.

### **Managing the portfolio**

The 2004–05 sales campaign provided the opportunity for bondholders of maturing Canada Savings Bonds Series 47 to automatically extend the maturity date of their bonds from November 1, 2004 to November 1, 2014, without requiring any action on their part. The term extension was designed to make it easy for bondholders to hold onto their bonds. This innovative pilot, in its second year, achieved a successful 57 per cent retention rate—which was higher retention than when no term extension pilot was in place—and is forecast to provide cost savings for the program over the next 10 years.

## **Marketing**

### **Integrated advertising strategy**

The focus of the 2004–05 marketing program was on a fully integrated campaign, employing multiple media and channels that were focussed around common themes, creative concepts and key messages. Communications, whether by TV, print, Internet, direct mail or opt-in e-mail, reflected the savings and investment goals that research shows are most important to Canadians and demonstrated the suitability, security and accessibility of Canada Savings Bonds as a vehicle to achieve these goals.

Two TV ads, based on a collage of “the best of CSB past hits” were broadcast nationally in the fall. Entitled “Savings” and “Future,” the ads were crafted to reflect Canadians’ near-term savings goals and longer term investment goals, respectively. These themes were echoed in an appealing new series of print ads featuring concepts of saving for a vacation, saving for renovations and saving for education, which were ideas revealed through the annual National Savers Study.

Annual post-communications research established Canada Savings Bonds advertising as one of the most highly recognized Government of Canada programs. Recall of the 2004–05 ads reached a new high, with unaided recall at 42 per cent and aided recall at 63 per cent.

In 2004–05, the Government of Canada implemented a new process for the co-ordination, approval and funding of advertising campaigns. The government developed this new approach to provide improved transparency, accountability and value for Canadians. CI&S was one of the government departments and agencies authorized to launch an advertising campaign in 2004–05, and it successfully managed the Canada Savings Bonds advertising plan and approvals through this new process.

## “Tell Us Your Canada Savings Bonds Story” initiative

This year’s on-line promotional initiative was hosted by Rogers Publishing Ltd. in association with *Maclean’s* and *L’actualité* magazines and attracted 2,400 stories from Canadians across the country between October 1 and December 12, 2004. Seventeen winners were selected from English and French language entries. Close to 7,000 stories have been collected since the contest began in 2001. Story submissions and winners from the previous year provided content for the 12-page colour insert in *Maclean’s* (Portraits of Canada) and *L’actualité* (Visages du Canada), both of which were part of special edition magazines in the fall.



Figure 1: “Portraits of Canada” and “Visages du Canada,” inserts in fall 2004 special editions of *Maclean’s* and *L’actualité* magazines





### Youth outreach

*POP! Canada's Adventure Magazine for Kids* is a youth publication distributed through English and French schools across Canada. Through a partnership with Canada Savings Bonds to help young people between the ages of 7 and 12 learn about the importance of saving, POP! magazine featured a savings quiz in the fall 2004 issue and a savings game in the winter 2005 issue, together with teaching resources to assist teachers with its application in the classroom.

The *Kids Can Save!* Web site ([www.kidscansave.gc.ca](http://www.kidscansave.gc.ca)) was included in materials related to this educational initiative and, as a result, experienced a significant increase in traffic. Web tracking from December 2004 shows that the site recorded a 44 per cent increase in visitors and 34 per cent increase in visits in association with the launching of new POP! magazine games.

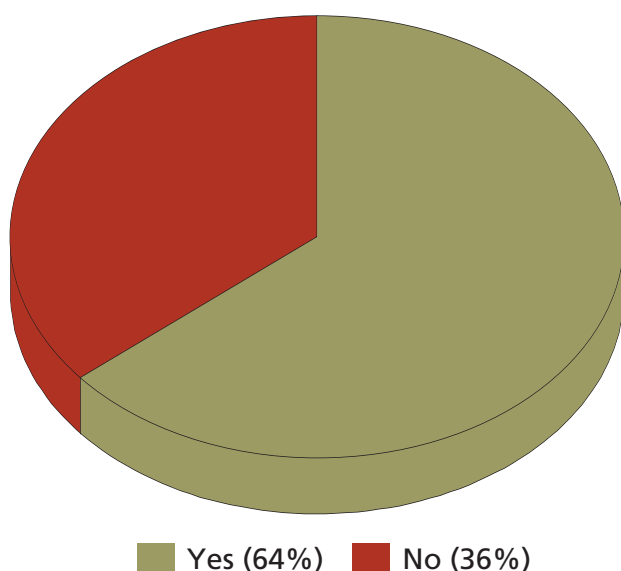
### Tracking Canadians' attitudes toward saving

The annual National Savers Study was commissioned in fall 2004 to explore the savings habits and attitudes of Canadians. The findings show that Canadians, particularly small savers and younger people, are increasingly taking their financial futures into their own hands, educating themselves and developing plans. Canadians are much more focussed on ensuring that their savings are protected and continue to use a conservative approach to saving and investing. Security of savings continues to be a strong driver of financial decisions—even stronger than potential rate of return.

The findings of the National Savers Study also show that Canadians, particularly small savers and younger people, are increasingly focused on near-term goals. In terms of savings, this emphasis is reflected in the pursuit of savings goals that improve their quality of life now as much as in their longer term future.



**Chart 8: *Canadians who say they have a “rainy day” fund of savings set aside that is easily accessible for emergencies or short term needs\****



More than six in ten say they have a “rainy day” fund that would cover two to three months’ expenses, usually set aside to help with meeting emergencies or making important purchases. Most importantly, the data indicate that having a rainy day fund strongly correlates with lower levels of anxiety about personal finances, and not having a rainy day fund correlates with much higher levels of anxiety about personal finances.

Similarly, Canadians continue to work hard to set aside money on a regular basis. Simple strategies like “starting to save early” and “sticking with a plan” are key to staying disciplined to watch savings grow. More than 80 per cent continue to report that an automatic deduction plan is the best way to save.

\*Source: National Savers Study, fall 2004.



## → Expenditures

### Chart 9: Retail Debt Program Expenditures

Fiscal Year (\$ thousands)	2004–2005 Planned	2004–2005 Actuals	2003–2004 Actuals	\$ Change Actuals	% Change Actuals
Direct controllable expenses	21,347	18,409	21,210	(2,801)	-13%
New technology investment <sup>†</sup>	0	0	1,397	(1,397)	-100%
Sub-total	21,347	18,409	22,607	(4,198)	
Commissions to Financial Institutions	27,500	26,210	25,509	701	3%
Sub-total	48,847	44,619	48,116	(3,497)	
Systems and Operations	55,550	52,827	61,047	(8,220)	-13%
Total	104,397	97,446	109,163	(11,717)	-11%

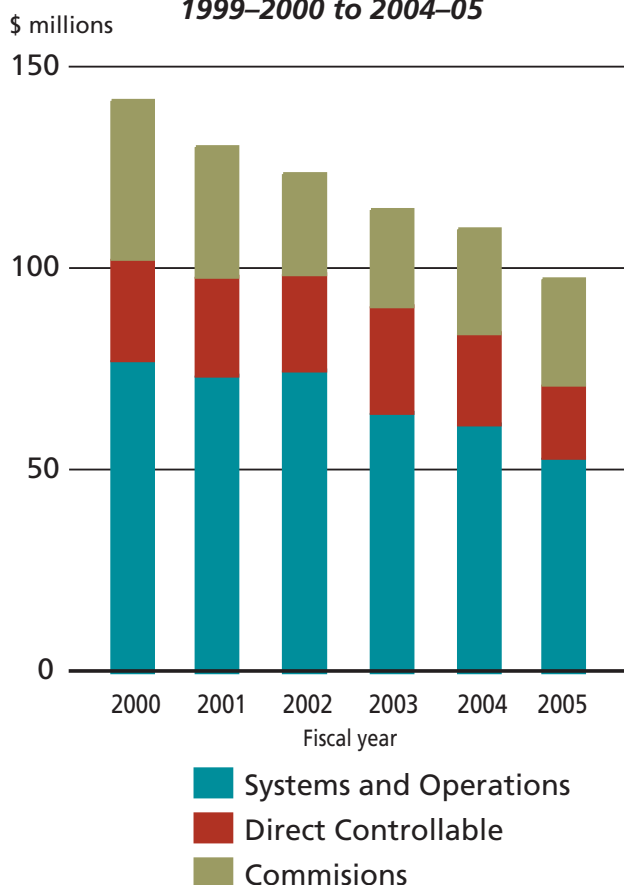
Note:

<sup>†</sup> These expenses, paid from the CI&S operating budget, are undertaken either directly by CI&S or indirectly through the Bank of Canada.



**Chart 10: Retail Debt Program Expenditures**

1999–2000 to 2004–05



### Canada Savings Bonds Stories

Growing up in the Northwest Territories gives you different experiences and memories than children growing up in southern Canada. For us growing up meant that you were far away from many of your extended relatives, and for me it meant that my grandparents remained in Alberta. It was while in the North that my grandma bought me my first Canada Savings Bonds. Growing up, Grandma helped buy me CSBs. Each time she sent money, my family would head to the bank in Yellowknife to make the purchases, usually with Mom and Dad matching whatever funds Grandma had sent. Although these trips to the bank remain vivid memories for me living in the North, it is later on that my CSBs became very special to me. While attending post-secondary education in Alberta and rejoining some of my southern relatives, my grandma passed away. Soon after her passing, many of my CSBs began to mature. Each time I received the certificate regarding my CSBs, it was a reminder of the kindness and love my grandma gave me. I have now returned to the Northwest Territories, and have received more notices regarding my CSBs. For me these letters are a reminder that although my grandma was not always present at Christmas concerts or at my high school graduation, she remained a part of my life and grew with me through other events, like the purchase of CSBs.

**Shona Barbour, Tsiigehtchic, Nunavut**





## → Plans for 2005–06

### Market development

#### Payroll

- Focus on the payroll channel in 2005–06. The Canada Savings Bonds Payroll Savings Program is one of the largest savings plans in the country with 12,000 public and private sector companies and organizations sponsoring the program for one million employee bond buyers annually.
- Build on the adoption success of automated self-service in payroll by continuing to advance the use of the online enrolment, redemption and inquiry services.

#### Maturity date extension

- Pilot term extension of Canada Savings Bonds Series 48. The term extension initiative provides bondholders with an ideal way to continue earning interest without the inconvenience of having to redeem their maturing bond and reinvest the proceeds in a new bond. The extension is expected to result in cost savings over the next 10 years.

### Outreach and innovation

#### Advertising campaign

- Continue to build awareness, market presence and recall of Canada Savings Bonds through a fully integrated, multi-channel marketing approach that leverages partnerships and delivers maximum value. Television and print elements from the 2004–05 campaign will be refreshed based on the results of research.
- Explore innovative ways, beyond media advertising, to promote Canada Savings Bonds. The opt-in e-mail program, for example, which has built and retained a subscriber base of 16,000 with little or no promotion, will be actively promoted through other media, such as the Web and mail inserts. The opt-in e-mail program will continue to feature a monthly Canada Savings Bonds story selected from a rich and growing database of compelling Canadian testimonials.



## → Management team

### CI&S management team



**Louise Montague,**  
Acting President and  
Chief Executive  
Officer<sup>†</sup>



**Tony Buccongello,**  
Acting Vice-President,  
Sales and Distribution<sup>‡</sup>



**Paul Bailey,**  
Vice-President,  
Marketing Services



**Clifford Prupas,**  
Vice-President,  
Product Management



**Leonard Edwards,**  
2004 National Chair,  
Canada Savings Bonds Public  
Service of Canada Payroll  
Savings Program

<sup>†</sup> Louise Montague was Acting President and Chief Executive Officer effective April 2005.

<sup>‡</sup> Tony Buccongello was Acting Vice-President, Sales and Distribution effective April 2005.



## → Glossary

### Product and service terms

#### Canada Premium Bond

The Canada Premium Bond is fully backed by the Government of Canada and offers a higher rate of interest at the time of issue than the Canada Savings Bond on sale at the same time. The Canada Premium Bond can be redeemed once a year on the anniversary of the issue date and during the 30 days thereafter without penalty.

#### Canada Savings Bond

With guaranteed returns and the option of redeeming at any time, the Canada Savings Bond provides maximum flexibility and security. The Canada Savings Bond is fully backed by the Government of Canada with rates of interest that may be increased when market conditions warrant. The Canada Savings Bond can be purchased at work through convenient payroll deduction.

#### RRSP and RRIF options

Both the Canada Premium Bond and the Canada Savings Bond come with no-fee Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (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 prior to maturity 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 3, 6 or 12 months. Treasury bills are usually purchased or sold prior to maturity at current market prices.

#### Real return bonds

This product features fixed semi-annual interest payments that are adjusted for changes in the Consumer Price Index (CPI) for Canada. These bonds are stable and protect against inflation over the long term. Real return bonds cannot be cashed prior to maturity, but they can be bought and sold at market prices.

### Debt terms

#### Public debt

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



#### 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 (the Canada Premium Bond and the Canada Savings Bond), foreign-currency denominated bonds and bills, and bonds issued to the Canada Pension Plan.

#### Non-market debt

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

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





## → Doing business with us

### Internet and telephone

During the annual sales campaign, Canadians can buy the Canada Savings Bond and the Canada Premium Bond at [www.csb.gc.ca](http://www.csb.gc.ca) any time or by calling 1 888 773-9999, Monday to Friday, 8 am to 8 pm Eastern Time.

### Financial institutions

The Canada Savings Bond and the Canada Premium Bond can be purchased wherever Canadians bank or invest, including at banks and credit unions or through investment dealers.

### Workplace payroll deduction

The Canada Savings Bond can be purchased at work, by regular payroll deduction, through sponsoring organizations of the Canada Savings Bonds Payroll Program. Deductions are made to employee pay cheques on a regular basis and directed into individual plans.

### Contact us

Toll-free: 1 800 575-5151

On-line: [www.csb.gc.ca](http://www.csb.gc.ca)

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Suite 900  
Toronto ON M5C 1T4