

Index-Linked Term Deposits

Index-Linked Term Deposits allow your customers to take advantage of potential gains in the stock market with no downside risk to their principal. In essence, it combines the principal protection of a GIC with the potential for growth of a mutual fund.

How does it work?

Your financial institution accepts a deposit from a customer and pays Central 1 the cost of an option on the S&P/TSX 60 Index. You retain the deposit for its full term of 3 or 5 years. After the last rate setting, Central 1 communicates a fixed percentage payout rate, and at maturity, credits your current account accordingly.

More details are available in our Index-Linked Term Deposit Campaign Toolkit.

BENEFITS TO YOUR ORGANIZATION

- Attract and retain customers who would otherwise invest in mutual funds or directly in the stock market
- Increase your competitive advantage by providing an alternative deposit option
- Secure 3 and 5-year non-redeemable, fixed-term funding that supports liquidity and interest rate risk management
- Comprehensive marketing toolkit and training for your staff



Why offer Central 1 Index-Linked Term Deposits?

By offering Index-Linked Term Deposits to your customers, you can diversify your product line, while growing a stable, cost-effective funding source.

Offered by Central 1 since 1996, interest is tied to growth of the S&P/TSX 60 over the term of the deposit, allowing for the potential of greater returns than standard deposits. Your customer's principal is protected, providing a lower-risk alternative to investing directly in equities.

Your customer can also include Index-Linked Term Deposits in their registered plans, and deposits are eligible for deposit insurance (subject to provincial limits).



Associated Risks

Unlike other term deposits, there is no guaranteed return on this product. Depending on the performance of the stocks comprising the S&P/TSX 60 Index over the term, it is possible that, at maturity, the investor will receive only their principal back.

More Information

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You may also be interested in

- Commercial Paper Program
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 central 1

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