Financial Basics for Canadians

You owe money to the bank

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Possibilities include:

- **a mortgage**,
- **a line of credit** secured or unsecured),
- **a loan** of some type (car, student, etc.)

The bank owes you money

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Possibilities include:

- **savings account**,
- **a GIC** (guaranteed investment certificate),
- **a TD** (term deposit),
- a bond

The government, or a province, or a municipality and/or possibly a corporation owes you money

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A bond (also called a debt instrument as you're owed the debt or fixed income as the investment pays a fixed amount of interest also known as the yield or coupon.)

You give money to (invest in) a company

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A stock (also called equity as you're an owner now in this company and have equity in it (like in your home for example). You are not paid interest and your hope for a profit comes from the increase in the stock's value. If it goes up, you profit from the increase (if you sell - again, like your home - if you don't sell it, it's only a gain on paper). If the stock decreases in value, you also share in the loss of that company. Oppossed to a bond where an entity "owes" you money, with a stock, you "own" a portion of something.