GUIDE

Getting started with your finances in Canada: Banking, budgeting and investments

arrive guides

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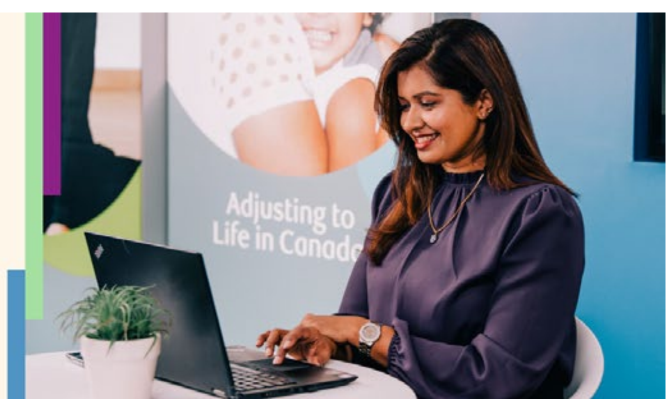

Overview

Canada's financial ecosystem is made up of banks, credit unions, trusts, and other financial and insurance companies and it is considered to be one of the most sound and safe in the world. According to the Global Competitiveness Report 2022, published by the World Economic Forum, Canada ranked 9th globally for its financial system, showcasing stability and reliability.

As you begin a new chapter of your life in Canada, you will need to have a strong understanding of the basics of Canadian finance, in order to set yourself up for financial success. This guide will provide the information you need to navigate your personal finances: from ensuring you have enough savings to get through your first few months in Canada, to understanding which banking products you'll need and why credit is such an important part of life in Canada, to saving for your future short and long term goals.

Here's a brief overview of key topics you'll find in the guide:

Budgeting: The cost of living in Canada may be different from your home country: learn how much to budget for living expenses – especially during your first few months in Canada.

Banking in Canada: Learn about the various types of financial institutions in Canada, the different types of bank accounts you can expect to find at most banking institutions, and find guidance on choosing a bank and a banking advisor. This section also covers what you'll need to open a bank account in Canada.

Credit and credit scores: Credit is important to many aspects of life in Canada: learn about how credit works, get tips on how to build a good credit history, find information on checking your credit score and how to order a credit report in Canada.

Money transfer: You'll likely be bringing some funds with you to Canada, and may also want to support family back home once you're financially stable: Understand how domestic and international money transfers work and learn about popular channels and platforms to transfer money.

Investing: Harness the savings options available in Canada to grow your money as you work towards your short, medium, and long-term financial goals.

As you plan your move, familiarizing yourself with the Canadian banking and financial landscape can help provide context to key tasks like opening bank accounts, building credit history, budgeting for living expenses in Canada, borrowing money, and filing taxes. It can help you get started on the right foot and build a secure financial future for you and your family.

Budgeting for your life in Canada

No matter where in the world we live, each of us has to balance the number of rupees, pesos, or dollars we have against all of the various living expenses we incur. In Canada, the costs associated with housing, transportation, food and entertainment can vary from city to city and are likely to be very different from what you are accustomed to at home. To manage these expenses, especially in your early months while you may still be looking for employment, you've got to plan your finances by creating and sticking to a budget.

What is a budget?

Essentially, a budget is a comparison of how much money you have coming in (income) and how much money you have going out (expenses). It allows you to keep track of, plan and balance those two streams, while putting a little aside for the future or unexpected emergencies (savings). Creating a budget doesn't have to be difficult, and budgeting doesn't mean you have to sacrifice or give up more than you would normally; it simply allows you to manage and know where your money is, which can also reduce stress.

Learn more about budgeting in the article, [Budgeting 101 for newcomers: How to plan and manage your finances.]

Your financial life in Canada will be very different than at home.

How to budget for living expenses

Like many other aspects of living in a new country, your financial life in Canada will be very different than at home. At the outset, you may need to live frugally until you find a job, get Canadian experience or while you upgrade your skills. Even if your salary in Canada is higher than what you earned back home, Canada's cost of living may also be higher than what you are accustomed to.

Tip: As newcomers, your financial success and security begins with proper planning and taking charge of your expenses. Use the [Arrive Cost of Living in Canada calculator] to get a customized estimate of your monthly expenses, based on your unique situation, so you can plan for your finances in Canada.

In Canada, the cost of necessities: Housing, heating and utilities, food and clothing, insurance, and transportation can consume 35 to 50 per cent your take-home pay. During your initial days and weeks in the country, remember to keep a record of everything you spend, whether you're paying by cash, cheque, debit, e-transfer or credit card. This will help you adjust your spending to fit your budget, or vice versa.

Tip:

- Your bank statements, credit card statements, and mobile banking app are good sources to get a sense of where your money is going!
- If you have an account with RBC, you can also leverage tools such as RBC's myFinanceTracker and NOMI to better manage your finances.

Banking basics for newcomers to Canada

Like many other countries, in Canada, you can conduct all your banking and money transfer transactions by walking into a branch, on the phone, or online, through internet banking.

Types of financial institutions

Financial institutions in Canada can be classified into three main categories:

Institution Type	Description
1. Banking	These are places where you can deposit, withdraw and borrow money.
Full-service banks	A bank is licensed to receive deposits and make loans. Most banks are managed by the national government.
Digital-only banks	There are a few digital-only banks, which provide all services online only and do not have any physical branches.
Credit unions	A credit union is a smaller financial institution that is owned by its members, who are also typically account holders. They operate under provincial legislation and regulations and provide similar services as banks. The main difference between a credit union and a bank is their structure; credit unions are owned by anyone with money in the credit union. Due to their scale of operations, note that credit unions may have fewer branches and Automated Teller Machines (ATMs) than a big bank would.
Trust companies	Trust companies are legal entities similar to banks that act as an agent (on behalf of a person or business) for the purpose of administration, management and the eventual transfer of assets to a party.
Mortgage companies	Money lending entities such as mortgage finance companies (MFCs) and mortgage investment corporations (MICs) provide real estate financing.
2. Insurance companies	These are entities that sell insurance to cover the risk of loss in various situations, caused due to a variety of factors. They include homeowner or renter's insurance, health insurance, car insurance, life insurance, and more. They compensate you for any loss that's covered by your insurance policy. Once you purchase a specific type of insurance policy, you are required to make periodic payments, called premiums, to the insurance company to avail of the agreed-upon coverage.
3. Investment companies	These are organizations that focus on investing, administering or managing funds or money on behalf of other persons. Examples of such companies are investment banks, hedge funds, underwriters, and brokerage firms.

Tip: You can chose to bank with any financial institution, but bear in mind that the big five banks (like RBC) have banking packages that cater specifically to newcomers.

Note: There might be an overlap in the services provided by financial institutions. For instance, a leading bank like RBC offers banking services, mortgages, a wide variety of insurance options, investment solutions, and more. It's a one-stop-shop for all your banking and financial needs.

Beware of predatory lenders offering payday, instalment, and other types of loans with very high interest rates. These lenders often prey upon people who need cash quickly and who have run out of all other options. They usually have exorbitant interest rates, confusing and misleading representations, and a lack of transparency and documentation. Therefore, always double-check money lending claims that seem too good to be true. Note that payday loans are provincially regulated while instalment loans are unregulated. What this means is – while interest rates on these loans cannot exceed 60 per cent, lenders are effectively free to change terms and add fees and other charges almost at will.

Key financial authority: The Bank of Canada

The Bank of Canada is the nation's central bank. Its principal role is to promote the economic and financial welfare of Canada. The Bank influences the supply of money circulating in the economy, using its monetary policy framework to keep inflation low and stable. It promotes safe, sound and efficient financial systems, within Canada and internationally, and conducts transactions in financial markets in support of these objectives. Additionally, the Bank of Canada also designs, issues and distributes Canada's bank notes and acts as the "fiscal agent" for the government of Canada, managing its public debt programs and foreign exchange reserves. It also sets the interest rates in Canada.

Types of bank accounts

One of the first things you will need to do upon arrival in Canada (or even before) is open a Canadian bank account. This will allow you to transfer money, and may be very useful as a proof of savings when renting your first apartment.

There are two main types of bank accounts in Canada:

Chequing account: An essential basic account for daily transactions, paying bills, and making purchases. Flexibility is the key with this type of high activity account, as you can deposit and withdraw your money at any time, use your debit card to pay for things and transfer money electronically.

- Note that chequing account balances do not usually earn interest.
- A chequing account will equip you with a debit card which can be used for making various purchases (online and offline) and withdrawing or depositing money at ATMs.

Savings account: A high interest account to save money over a longer term. A savings account is the ideal place for the money you don't need to access every day.

- It allows you to access your money easily when you need it – for emergencies or unexpected expenses.

Choosing the best bank for newcomers

While there are many financial institutions to choose from in Canada, newcomers have distinct financial needs and not all products may be well-suited to your requirements.

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Most newcomers opt for one of the "Big Five" banks, given their size and presence across the country. By market capitalization, these include Royal Bank of Canada (RBC), Toronto-Dominion Bank (TD), Bank of Nova Scotia (Scotiabank), Bank of Montreal (BMO), and Canadian Imperial Bank of Commerce (CIBC).

These banks have both a physical presence (including branch locations and ATMs) and a digital presence (including online, mobile, and phone banking options).

In addition to the traditional banks, Canada also has a few digital-only banks, such as Tangerine Bank (powered by Scotiabank), EQ Bank (powered by Equitable Bank), Motus Bank (or motusbank), and Simplii Financial (by CIBC). These banks also offer financial products, but may not have the full range of services that larger banks offer.

With all the choices available to you, selecting a banking partner that's right for your financial needs as a newcomer to Canada can be confusing. As this is a crucial decision to make, there are many factors you'll need to keep in mind to ensure your bank meets your needs.

- **Does the bank have specialized accounts or offers for newcomers or international students?** Whether you're coming to Canada as a permanent resident or an international student, your financial needs as a newcomer will be different from those of residents who have been here longer and don't have financial ties abroad. Some of the larger banks, like RBC, have distinct newcomer banking products that are specially designed to meet your requirements.
- **Does the bank have branches or ATMs near you?** Also, look at the overall presence of the banking partner to determine whether you'll have easy access to your money. You can use the branch locator, such as this one for RBC, on the bank's website to find branches or ATMs close to your home or workplace.
- Do they have a good reputation of service and does their mission align with your interests? Be sure to check if the bank you're choosing has a good reputation and advisors who are able and willing to explain financial products to you, and answer your questions. As a newcomer, you want a trusted banking partner who understands your needs, so compare customer reviews and ask your friends in Canada about their experience with their banks. Also, look at awards or recognitions the banks may have received.
- **Does the bank offer a wide range of financial products?** As a newcomer, your financial needs may be limited initially, but will likely expand over the next few years. While most banks do, make sure that your bank can offer you the entire range of products from banking basics like chequing accounts and credit cards to products you'll need over a longer term like mortgages, RESPs, auto loans, and insurance.

- **Does the bank have dedicated newcomer advisors and staff who speak your language?** Language barriers and cultural differences should not stand in the way of your financial success in Canada. Some banks like RBC have newcomer advisors who specialize in helping newcomers understand the Canadian financial environment and banking products. These advisors understand the questions and concerns newcomers typically have as they transition to life and banking in Canada and can help you build a strong financial foundation, right from the start. If your first language is not English or French, be sure to check if the bank you're considering has financial advisors who can answer your questions and explain financial products in a language you're comfortable with.

As a newcomer in Canada, you want a trusted partner who understands your banking needs. RBC has been such a partner to newcomers for over 150 years. It's why they support everything we do at Arrive. In their 2021 rankings, the Global Finance magazine ranked RBC as the #1 Best Bank in North America. RBC was also placed at the #1 position for World's Safest Commercial Banks in 2020.

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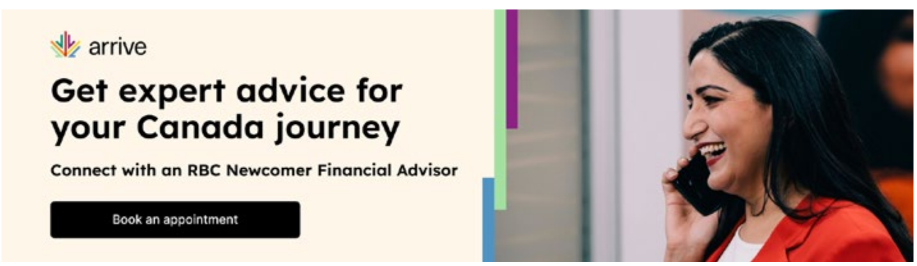

Not all bank accounts are the same. The requirements, fees, and account features may vary based on the financial institution and the banking product you've picked. Here are some things you should compare to find a bank account that meets your needs:

- **Minimum balance requirements:** Some bank accounts require you to maintain a minimum daily or monthly balance. If your balance dips below this required level, you may be charged a penalty.

- **Banking fees:** Most chequing accounts have a monthly banking fee, which can range from $0 to $30.95. In some cases, the monthly fee can be waived if you maintain a minimum balance in the account.
- **Statement fees:** Some banks charge a small monthly fee for issuing paper bank statements. In most cases, you can opt for paperless, e-statements for no charge.
- **Cheque or draft fees:** Some chequing accounts come with free personalized cheques or bank drafts. In others, a chequebook with 50 leaves can cost as much as $50 and a bank draft can cost up to $10.
- **Automated Teller Machine (ATM) or Interac e-Transfer limits and charges:** Some accounts may have limits for how many ATM withdrawals or peer-to-peer Interac e-Transfer transactions you can make in a month. You should also check if there's a fee for withdrawing money from another bank's ATM or making Interac e-Transfer transactions to an account in a different bank.
- **International remittance fees:** As a newcomer in Canada, you may want to continue financially supporting your family back home. If you're planning to make international money transfers regularly, be sure to check the international remittance fees for the chequing accounts you're considering, and ask if any transfers are included in your account offer.
- **Interest rates:** The interest you'll receive in savings accounts in Canada may be much less than what you're used to in your home country, but it can still help you grow your savings for the future.
- **Offers:** Some bank accounts offer incentives at the time of account opening. For instance, you may receive cash incentives, higher interest rates, or free services if you open a new account and meet some qualifying criteria.

Importance of having a financial advisor you can trust

Navigating financial and investment products in a new country can feel complicated, especially if you don't have a background in finance. As a newcomer in Canada, having someone who understands the newcomer experience, and whom you can rely on for sound financial advice is important. In most cases, a professional financial advisor or planner can help.

A financial advisor is a qualified individual who helps manage your money. They can create a detailed financial plan, which involves:

1. Assessing your current situation;
2. Determining your present and future goals and needs;
3. Giving advice on the financial products that are right for you; and
4. Reviewing and updating your investments periodically.

Important: Each individual's financial situation is unique – financial and investment advice that works for one person may not work for another. That is why it's essential to find someone who is well qualified and understands your situation as a newcomer, who will act in your best interest, provide relevant guidance, and assist you in achieving your goals.

RBC has a dedicated team of Newcomer Advisors who operate out of the RBC Meeting Place locations across Canada. Many of these advisors are newcomers themselves and are thus better positioned to help you with settling in and provide services that go beyond banking. Whether you need help with opening a bank account, finding a job, help with Canadian credit, housing, or other areas, you can book an appointment with an RBC Advisor now for specialized one-to-one advice and support in your preferred language, even before you arrive in Canada.

Read how financial advisors can help you as a newcomer in Canada to learn more about the different types of financial advisors and get a list of questions to ask your advisor.

How to open a bank account

Step 1: Book an appointment

You can get your banking started before you even arrive in Canada, by booking an appointment with the bank of your choice.

If you have an upcoming arrival date, you can book an appointment to speak with an RBC Newcomer Advisor even before you land in Canada.

If you don't have the time to speak with an advisor before you arrive in Canada, you can also book a phone appointment or an in-person appointment at an RBC branch near you after you arrive. RBC Newcomer Advisors are dedicated to helping newcomers get their finances off to a strong start in Canada. They understand that newcomers often come from countries where banking is a little different and are happy to answer any questions you may have.

Step 2: Gather your documents

Before you head to the bank or speak to an advisor online, to open a newcomer account, it is recommended to have all the essential documents to facilitate and speed up the process.

To open a newcomer bank account, you will require the following documents:

- Your passport
- Confirmation of Permanent Residence (CoPR) or Social Insurance Number (SIN)

Note: Permitted identification documents may vary by province.

Tip: Choose to receive paper statements for the first three to four months of your life in Canada, as these statements typically serve as proof of address while applying for health insurance, a library card and more. Note that for the delivery of paper statements, you will need to provide your permanent address.

Based on your needs and status (PR, temporary foreign worker, etc.) in Canada, RBC offers a few different types of newcomer bank accounts for you to choose from. You can browse all available account types and check out the latest newcomer offers on the RBC newcomer banking website.

Understanding credit and credit scores

Many newcomers come from credit-averse societies – where taking on debt is seen as something to be avoided – and are surprised to learn what an important role credit plays in Canadian society. Having a credit history or a credit score is essential for life in Canada for things like renting a home, leasing a car, or taking out a loan or mortgage. A good credit score can ensure you qualify for better interest rates on mortgages and other loans down the line. To get started with building your credit history, having and using a credit card is essential.

Canada: A credit-based economy

North American countries such as the U.S. and Canada are known to be credit-based economies. This essentially means that most people use their credit cards (instead of debit cards or cash) to make purchases and then repay the entire amount owed either at the end of their credit card billing cycle or in installments.

You will need to build your credit history in Canada from scratch. Once you receive your first credit card, start by making payments for small expenses such as phone bills or groceries, and be sure you pay the balance in full by the end of the billing cycle.

Tip: Keep in mind that credit cards have limits and do not offer free money. They can carry very high interest rates, so your balance should be managed and paid down promptly – this will help you maintain a good credit rating.

What is a credit score

Your credit score is your financial reputation in Canada. When you borrow money from a bank (or lender), certain information is shared with a credit bureau. Over time, additional information, such as whether you've paid your bills on time, whether you've missed payments, and how much debt you have outstanding, will get shared with the credit bureau. These factors go into calculating your credit score – a three-digit number that indicates to lenders your capacity to repay a loan – as reported on your credit rating report.

Credit scores range from –

300	750	900
The lowest score or the starting point; to	The magic middle number, which will likely qualify you for a standard loan; all the way up to	The highest score awarded for excellent credit history.

The higher your score, the lower the risk is to the bank, and vice versa. A score under 750 will likely make it more difficult to acquire loans or credit cards – you may receive a lower credit limit and get charged higher interest rates. For newcomers to Canada, however, most banks offer a credit card when you open a newcomer account with them – this usually suffices to get you started on your journey of building a good credit history in Canada.

Why is credit history and credit score important?

Having a credit history or a credit score is integral to life in Canada. A credit score is a way for financial institutions to measure your ability to repay loans.

A credit score under 750 will likely make it more difficult to acquire loans or credit cards.

Your credit score and credit history can influence the interest rate you receive on loans, mortgages, or other credit products. The lower your score, the less likely you are to be approved for a credit card, mortgage, or loan. And if you do qualify for one, it's likely that the interest rate you receive will be high – which is not beneficial. Conversely, the higher your credit score, the more likely you are to be approved for a credit card, mortgage, or loan and receive attractive (low) interest rates.

Note: It takes at least a few weeks to a month for newcomers to receive their first Canadian credit card and a few additional months of credit transactions to generate a credit history.

Tips to build and maintain a good credit history

1. **Make payments on time and pay off your balance in full each month**
   When lenders review your credit report and request to see your credit score, they want to know how reliable you are with paying your bills – because usually, past payment performance is considered a good predictor of future performance. To build a good credit history, it's important to make all your payments on time. While your credit card bill will always indicate the minimum amount owed, as someone just getting started with building credit in Canada, it's best to pay off the balance in full each billing cycle. Paying the entire balance each month also helps you avoid racking up credit card debt.

Tip: Start small – use your credit card for groceries, monthly utility payments, phone bills, etc. Over time, this will help you build a strong credit history.

2. **Use credit wisely**
   Always stay within your credit limit. If you have a credit card with a $2,000 CAD limit, try to not go over that limit. You should spend only what you can afford to pay back. Spending more than the authorized amount on a credit card can lower your credit score. As a rule of thumb, **try to use less than 35 per cent of your total credit in each billing cycle.** This includes all your credit products such as: line of credit, credit card from Canadian banks/lenders, loans, etc.

Try to use less than 35 per cent of your total credit in each billing cycle.

For example, if you have a credit card with a $2,000 CAD limit and a $5,000 CAD line of credit from a bank, you should limit your total spending to approximately $2,450 CAD (35 per cent of 7,000) or less, while also maintaining the 35 per cent rule (in this case, $700 CAD) specifically for your credit card. If you max out your credit limit each month, lenders perceive you to be a greater risk. This holds true even if you pay your balance in full by the due date.

3. **Limit your number of credit applications and/or credit checks**
   As you settle in Canada, it is normal and expected that you'll apply for credit from time to time. A lender or other organization offering credit-based products may ask to "check your credit" or "pull your report". When they do so, they are asking to access your credit report at the credit bureau. This results in an inquiry in your credit report.

Tip: To build a good credit history faster, it is recommended that newcomers to Canada start off with a single credit card (avoid holding multiple credit cards) and keep paying the balance in full.

There are two types of credit checks: hard hits and soft hits.

- **Hard hits:** These are credit checks that will appear in your credit report and can impact your credit score. Anyone who views your credit report will see these inquiries. Examples include an application for a credit card or mortgage, some rental applications, and some employment applications. If there are too many (hard) credit checks in your credit report, lenders may think that you're urgently seeking credit and/or trying to live beyond your means.
- **Soft hits:** These are credit checks that appear in your credit report but only you can see them. These checks do not affect your credit score in any way. Examples include requesting your own credit report or businesses asking for your credit score to update their records about an existing account you have with them.

To control the number of credit checks in your report:

- Limit the number of times you apply for credit;
- When shopping around for a car loan or a mortgage, get your quotes from different lenders within a two-week period. When you do this, all your credit inquiries will be combined and treated as a single inquiry for your credit score;
- Apply for credit only when you really need it.

4. Report any inaccuracies on your credit report

Once you get your report, check for:

- Errors in credit card and loan accounts, such as a payment you made on time that is shown as late – this could impact your credit score negatively;
- Mistakes in your personal information, such as a wrong mailing address or incorrect date of birth;
- Accounts listed that you never opened, which could be a sign of identity theft;
- Negative information about your accounts that is still listed after the maximum number of years it's allowed to stay on your report.

Any inconsistencies or incidents of fraud should be reported to the respective credit bureaus without any delay and get it corrected. Monitoring your credit on a regular basis can help you spot inaccuracies before they impact your credit rating.

Note: A credit bureau can't change accurate information related to a credit account on your report. For example, if you missed payments on a credit card, paying the debt in full or closing the account won't remove the negative history.

5. **Use different types of credit: card, loan, line of credit**
   The number of credit products you have (such as a credit card, line of credit, loans, etc.) affects your credit score. For newcomers in Canada, it is recommended to start off with a single credit card and gradually apply for other credit products as relevant at a later stage. As you become more established in Canada, diversifying your credit and having a mix of credit products may improve your credit score. However, ensure that you can pay back any money you borrow, otherwise, you could end up hurting your score by taking on too much debt.

8 myths about credit scores newcomers should know

As a newcomer in Canada, you might be unsure about how credit scores work or have some misconceptions about healthy credit practices. Here are eight myths about Canadian credit scores that newcomers need to safeguard themselves against in order to build a good credit score.

Myth	Reality
Myth 1: Credit history from my home country counts in Canada.	Countries have different credit agencies and ways of calculating credit scores. As a result, your credit score and history from your home country are not transferable to Canada. Your Canadian credit history only starts after you arrive and get credit in the form of a credit card, loan, line of credit, or mortgage, from a Canadian financial institution.
Myth 2: Money in my savings account counts towards my credit score.	Since your credit score and history reflects your ability to repay debt, only financial products that involve credit, such as credit cards, loans, lines of credit, or mortgages, are included in your credit report.
Myth 3: Credit scores don't matter - I won't take credit unless I need it.	While you may not need credit today, building your credit history early will help you qualify for loans and lower interest rates when you apply for a car loan, education loan or mortgage later. In some cases, you'll also need a good credit score for your application to rent a home, obtain a cell phone plan, and even on an employment application.
Myth 4: My credit score is based on my income.	Your earnings are not directly factored into the calculation of your credit score and are not included in your credit history. Credit scores reflect your payment history, or how well you repay debt, rather than how much money you have available. A high income is no guarantee that you'll use that money to pay off your bills.
Myth 5: Getting more credit cards is the best way to improve my credit score.	Having multiple credit cards can either help or hurt your credit scores, depending on how you use them. While multiple credit cards will give you access to a larger total credit limit, your credit score will be determined by how you use that limit. If you're using your credit cards wisely and paying off all the bills in full, on time, then having multiple credit cards can work to your advantage.
Myth 6: Checking my own credit score will lower it.	When you check your own credit score or credit report, it counts as a "soft" inquiry and doesn't hurt your score. However, a "hard" inquiry, such as by a financial institution or lender, can lower your score by a few points.
Myth 7: I just need to pay the minimum balance on my credit card to keep my credit score up.	If you're only paying off the minimum balance on your credit card for a particular month, it doesn't count as a missed payment, so there may not be an immediate direct impact on your credit score. However, most financial institutions and creditors look at how much you owe compared to how much credit you have available. Therefore, carrying a balance from one month to the next can increase your overall credit utilization ratio and adversely impact your credit score.

Myth 8: My credit score will be the same with every agency.	Equifax and TransUnion have their own independent scoring criteria for calculation of credit scores. Although they take similar factors into account—your payment history, credit utilization ratio, duration of credit, etc., your score could vary slightly based on which agency's report you're looking at.

How to check your credit score

You can check your credit score in the following ways:

1. **Through credit bureaus:**
   EQUIFAX and TransUnion are the two major credit rating organizations in Canada, and you can choose either one to get your credit report. Detailed instructions to obtain the report are available on the respective websites. Your credit score on each credit bureau may slightly differ as each organization may consider different factors while calculating your credit score. Equifax refers to your credit report as "credit file disclosure" while TransUnion refers to it as "consumer disclosure".

2. **Through certain banks:**
   If you have an account with certain financial institutions like the Royal Bank of Canada (RBC), you can view your credit score for free, anytime, through online banking.

3. **Through third-party companies:**
   Some companies offer to provide your credit score for free. Others may ask you to sign up for a paid service to see your score. Make sure you do your research before providing a company with your information. Carefully read the terms of use and privacy policy to know how your personal information will be used and stored. For example, find out if your information will be sold to a third party. This could result in you receiving unexpected offers for products and services. Beware of fraudsters who offer free credit scores in an attempt to get you to share your personal and financial information.

Remember: Ordering your own credit report has no effect on your credit score.

Tips:

- Consider requesting your report from one bureau/company, then wait six months before you order from the other organization. By spacing out your requests, you may be able to detect problems sooner.
- Always check to see if a website is secured before providing any of your personal information. A secured website will start with "https" instead of "http."

How to order a credit report

You can get a physical or a virtual copy of your credit report. A physical copy may take some time to be delivered to you while a virtual copy can be obtained immediately. You usually need to pay a fee when you order your credit score online from the two credit bureaus: TransUnion and Equifax.

Note that TransUnion allows you to order your credit report online once a month for free.

Note: A free credit report is only available as a physical copy and cannot be ordered online; separate processes exist for both Equifax and TransUnion. You must place your order by phone, mail or fax.

Read: How to build a good credit score from scratch as a newcomer in Canada to learn about credit scores, get tips to help you build a good credit history as a newcomer in Canada, and find information on checking your credit score.

Choosing the best credit card for you as a newcomer

There are many credit card options to pick from, so keep the following criteria in mind to find a credit card that's best for you:

- **Eligibility:** For certain credit cards, financial institutions require you to have a minimum threshold income or an established Canadian credit history, which many newcomers do not have.
- **Annual fee:** The annual fee for credit cards can range between $0 and $400. Many newcomers prefer to start with a no- or low-fee credit card and upgrade later.
- **Credit limit:** The credit limit of your credit card plays an important role in determining your overall credit utilization ratio. If you're working on building your credit score, it's a good practice to use less than 35 per cent of your credit limit. So having a higher credit limit helps, as long as you're not tempted to spend more than you can afford. While most Canadian banks offer low credit limits to newcomers with no Canadian credit history, certain RBC credit cards have credit limits of up to $15,000 (higher credit limits are subject to higher income and asset requirements**) when you are an RBC banking client. If you plan on making a large purchase such as flight tickets for several family members, ensure that the total sum is within your credit limit.
- **Rewards:** Depending on the type of credit card you select, you may receive rewards in the form of cash back on purchases, travel points, etc. Some banks also offer exclusive loyalty or reward programs, which can be used for travel, merchandise, gift cards, and even to pay off your bills.
- **Interest rates:** Credit cards typically carry very high interest rates and you should always try to pay your credit card bills in full and on time. Late or partial payments can negatively impact your credit score and result in high interest charges. However, if you anticipate occasional delays in paying off your balance, be sure to factor interest rates into your comparison.

- **International usage:** If you're planning to travel abroad often, check if the credit cards you're considering will allow you to make purchases abroad and compare international usage fees.
- **Additional benefits:** Some credit cards come with additional features like discounts or cashback on certain purchases, personal or travel insurance, airport lounge access, etc. You may also have the option to add additional benefits for a small fee.
- **Offers and joining bonuses:** While comparing credit cards, you may come across limited-time offers on certain credit cards. These offers could entitle you to extra rewards or cash back if you meet certain qualifying criteria during the initial months of usage.

You can book an appointment with an RBC Newcomer Advisor in order to learn more about newcomer credit cards that may be available to you.

Money transfers: Domestic and international

Domestic money transfers

For domestic peer-to-peer payments (think: sending money to a friend, relative, co-worker, or acquaintance in Canada), there are a couple of ways to send and receive money online: Interac and Paypal. Interac is a bank-based tool, while Paypal is a non-bank, third party service. Among these, Interac e-transfers are the most popular and widely used form of peer-to-peer payments in Canada.

What is an Interac e-Transfer?

Interac e-Transfer is a fast, secure, easy, and convenient way to send, request, and receive money directly from one bank to another.

To send an e-Transfer, all you need is —

- For both yourself and the recipient to have a Canadian bank account or an account with a participating financial institution;
- Access to online or mobile banking; and
- The recipient's email address or phone number.

International money transfers

You can send money overseas from Canada through online or mobile banking, by telephone, by email, or in-person. Banks like RBC have a simplified, affordable, and convenient process for international money transfers through online banking. If you have the recipient's banking information handy, all it takes is a few clicks!

Some popular options for international remittances are:

- Banks
- Credit unions
- Money transfer operators like Western Union, MoneyGram, WorldRemit, etc.
- Peer-to-peer transfer providers such as Transferwise (now, Wise), CurrencyFair, Paypal, etc.
- Currency exchange businesses

When sending money overseas, the Canadian federal government tracks large sums (over $10,000 CAD) through Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to prevent money-laundering, terrorism funding, and related crimes.

To learn more about domestic and international money transfers, see [How to transfer money securely to, from, and within Canada.]

Saving and Investing in Canada

There are many financial products available to save and invest your money in Canada. They can be broadly classified into savings accounts, registered savings plans and investment products. Depending on your goals and your appetite for risk, you can choose one or a combination of several of these.

One of the simplest ways to start saving is by putting your money in a high-interest savings account.

High-Interest Savings Account (HISA)

A HISA offers a comparatively higher interest rate on the money you put in. Not all HISAs are the same, and the rates could differ from one financial institution to another, depending on the service provided.

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Savings plans

Savings plans in Canada are generally called 'registered savings plans' because they must be registered with the Canada Revenue Agency in order to qualify for tax benefits. Some savings plans avoid taxes and others defer taxes.

There are four main types of savings plans with tax benefits:

1. Tax-Free Savings Account (TFSA)

A TFSA is a registered savings plan where the investment income and withdrawals are tax-free. It can also hold other investment products such as cash, Guaranteed Investment Certificates (GICs), Mutual funds, Savings deposits, Stocks, Bonds, Exchange-Traded Funds (ETFs) and more.

- **Purpose of a TFSA:** Save for short-term or long-term goals — an emergency fund, a car, home renovation, retirement, etc.
- **Who is eligible for a TFSA?** Residents, foreign workers, and international students who have reached the age of majority in their province and have a Social Insurance Number (SIN).
- **TFSA contribution limit:** $6,000 CAD for 2022 (limit changes every year) plus any unused contribution from the previous years. Also, you don't need to earn an income to contribute.

2. Registered Retirement Savings Plan (RRSP)

You can only contribute to an RRSP after filing your first income tax return in Canada.

An RRSP is where investment earnings are tax-deferred until retirement and contributions are tax-deductible, so they reduce your taxable income. When you decide to withdraw the money, withdrawals are added to taxable income the year the money is withdrawn. Similar to the TFSA, an RRSP can also hold other investment products such as Cash, Guaranteed Investment Certificates (GICs), Mutual funds, Savings deposits, Stocks, Bonds, Exchange-Traded Funds (ETFs) and more.

- **Purpose of an RRSP:** Save for long-term goals such as retirement.
- **Who is eligible for an RRSP?** Residents, foreign workers, and international students under the age of 71 who have earned income, filed an income tax return in Canada, and have available contribution room for the year.
- **RRSP contribution limit:** 18 per cent of the previous year's earned income, less any pension adjustment, up to the maximum annual contribution limit.

2. Registered Education Savings Plan (RESP)

An RESP is where investment earnings are tax-deferred until withdrawal (which may be taxed at a lower rate, or not taxed at all) when paid out to the beneficiary for their education costs. Contributions are not tax-deductible, but some may be eligible for government incentives. Like the TFSA and RRSP, an RESP can also hold other investment products such as Cash, Guaranteed Investment Certificates (GICs), Mutual funds, Savings deposits, Stocks, Bonds, Exchange-Traded Funds (ETFs) and more.

- **Purpose of an RESP:** Save for a child's post-secondary education costs.
- **Who is eligible for an RESP?** Residents, foreign workers, and international students with a SIN. The beneficiary of an RESP must be a resident and have a SIN.
- **RESP contribution limit:** No annual limit, but there is a lifetime contribution limit of $50,000 CAD per beneficiary. Note: There are also government grants and bonds that you may be able to take advantage of to grow your child's savings faster.

2. Registered Disability Savings Plan (RDSP)

RDSP is a long-term saving plan to help Canadians with disabilities, and their families save for the future. If you have an RDSP, you may also be eligible for government grants and bonds to help with your long-term savings. Withdrawals are tax-free, but you have to pay taxes on any income earned and also return any government grants.

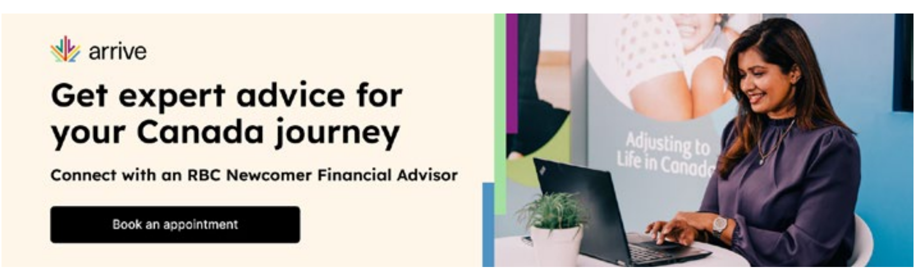
- **Purpose of an RDSP:** To provide financial support to a disabled person.
- **Who is eligible for an RRSP?** A Canadian resident under the age of 60 who has a long-term disability. They must also have a SIN and be eligible for Disability Tax Credit.
- **RDSP contribution limit:** No annual limit but there's a lifetime contribution limit of $200,000 CAD for a single person. With written permission from the RDSP holder, anyone may contribute to the RDSP.

Investment Products

You can pick one or more investment products based on your investment goal and risk tolerance.

- **Savings Deposits:** A simple and safe option with easy access to your money and guaranteeing your original investment (principal) and the interest you earn.
- **Guaranteed Investment Certificates (GICs):** A secure fixed-income investment that guarantees 100 per cent of your original investment while earning interest at a fixed or variable rate, or based on a specific formula.
- **Mutual Funds:** An easy way to invest in a pool of stocks, bonds and other investments that are managed on your behalf by a professional money manager.
- **Exchange-Traded Funds (ETFs):** Similar to a mutual fund, except an ETF trades like a stock on an exchange. Like a mutual fund, you can buy 'units' in an ETF to own a proportional interest of a pool of assets (such as stocks or bonds).
- **Stocks:** Stocks (or equities) let you purchase a small part of an individual company. You can participate in and benefit from the company's growth, and potentially receive tax-efficient dividend income and capital gains.
- **Bonds:** Conservative fixed-income investments issued by a company or government. When you buy a bond, the bond issuer pays you interest for a specific time period and repays your initial investment when the bond matures.

With so many options, making an informed decision can be challenging. Speaking with a financial advisor will help you understand which product or plan is right for you. With professional advice and the right resources, you'll be better prepared to set your financial goals and choose the right products to make them a reality for your financial future in Canada.



In Summary

Moving to a multicultural and well-developed country like Canada and starting a new life is an exciting prospect. To ensure your transition and settlement in Canada progresses smoothly, it is important to be informed and prepared – financial literacy included.

Understanding financial products and regulatory agencies in Canada can make you feel overwhelmed. Start with the basics so you can build awareness and a strong foundation to manage your money in Canada.

Key takeaways

1. As a newcomer you can choose any bank of your choice. However, large banks are better positioned to assist you.

As a newcomer to Canada, you can choose any financial institution of your choice. However, it is helpful to know that the big five banks (like RBC) have newcomer banking packages that specifically cater to newcomers and are thus better positioned to assist you in your unique situation. You can now open an RBC newcomer account even before you arrive in Canada. If you have your arrival date fixed, you can book an appointment to speak with an RBC Advisor even before you land in Canada.

2. Building good credit history is essential for life in Canada.

Canada is a credit-based economy. This essentially means that most people use their credit cards (instead of debit cards or using cash) to make purchases and then repay the entire amount owed either at the end of their credit card billing cycle or in instalments. A good credit score can ensure you qualify for better interest rates on mortgages and other loans down the line. To get started with building your credit history, having and using a credit card is essential.

3. Sending and receiving money locally and internationally from Canada is easy and hassle-free.

There are a couple of ways to send and receive money online: Interac and Paypal. Among these, Interac e-transfers are the most popular and widely used form of domestic peer-to-peer payments in Canada. To send money abroad, banks like RBC have a simplified, affordable, and convenient process through online banking. If you have the recipient's banking information handy, all it takes is a few clicks!

4. **Use the free tools and resources available on Arrive to budget for your initial months in Canada.**

In Canada, the costs associated with housing, transportation, food and entertainment can vary from city to city and are likely to be very different from what you are accustomed to at home. Budgeting can help you manage these expenses, especially in your early months while you are looking for employment. Arrive's Cost of Living in Canada calculator helps you estimate and plan for your monthly expenses in Canada.

5. **There are various investment products available in Canada; a financial advisor can help you decide which ones are best for you.**

There are many financial products available to save and invest your money in Canada. They can be broadly classified into savings accounts, registered savings plans and investment products. Depending on your goals and your appetite for risk, you can choose one or a combination of several of these. Each individual's financial situation is unique – financial and investment advice that works for one person may not work for another. Therefore, outline your goals and discuss your unique situation with a banking advisor so they can recommend the right options for your financial wellbeing.

As you settle in Canada, information and access to the right resources is key to getting started on the right foot with your finances. Professional advice combined with the right resources can help you be better prepared for a secure financial future in Canada.

Disclaimers

Arrive is powered by RBCx, a subsidiary of Royal Bank of Canada. In collaboration with RBC, Arrive is dedicated to helping newcomers achieve their life, career, and financial goals in Canada. RBC supports Arrive, and with a 150-year commitment to newcomer success in Canada, RBC goes the extra mile in support and funding to ensure that the Arrive newcomer platform is FREE to all.

This guide offers general information only and is not intended as legal, financial or other professional advice. A professional advisor should be consulted regarding your specific situation. While the information presented is believed to be factual and current, its accuracy is not guaranteed and it should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the author(s) as of the date of publication and are subject to change. No endorsement of any third parties or their advice, opinions, information, products or services is expressly given or implied by RBC Ventures Inc. or its affiliates.

Notes: RBC bank offers are available in Canada only.
All information and resources provided in this guide are accurate as of November 1, 2022.

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