

Video 7: Types of income

Chapter 4: Glossary terms

Capital gains

When you sell an investment for more than you paid; also distributed from mutual funds or ETFs; 50% of the gain is taxable

Dividend income

When you buy shares of a company, you become a part-owner. If the company earns a profit, it may share some profit with you as a dividend, which is a type of payment that receives preferable tax treatment

Employment income

All forms of compensation, monetary or non-cash, that you receive from your employer as part of your job, including salary, bonuses, benefits, allowances, etc.

Interest income

Money you earn from lending your money or keeping it in an account that pays interest, i.e., bonds or money; taxed at your marginal tax rate, like your employment income

Non-registered account

An investment account that is not tax-sheltered and requires you to pay tax on the earnings each year

Registered account

A savings or investment account that is registered with the government and offers tax benefits, like tax-deferred growth or tax-free withdrawals. Examples include a Registered Retirement Savings Plan (RRSP) and Tax-Free Savings Account (TFSA)

Tax deductible

An expense that can be reduced from your income to reduce the total amount of taxes owed

Tax deferred

Investment earnings that accumulate without being taxed until the investor withdraws funds, i.e., interest, dividends and capital gains