



T-Bills—A Safe and Smart Investment Choice

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The global economic slowdown has caused people to be extra cautious about investing. However, it is still a good idea to make some smart investments during this challenging period. For the cautious investor, a smart choice is treasury bills or T-bills as they are more popularly known. **Money Talks** gives you the lowdown on this safe and smart investment option.

- ***What exactly is a T-Bill?***

A treasury bill is a short-term debt obligation backed by a government. Governments use treasury bills as a means of raising funds by borrowing from the public. T-bills are sold in the denomination of the country in which they are issued. So in Saint Lucia, which is a member of the Eastern Caribbean Currency Union (ECCU), T-bills are sold in minimum denominations of \$5000.00EC.

- ***How does a T-Bill work?***

When you buy a T-bill, you are investing in a short-term security since T-bills mature in 1 year or less from the date that they are issued or sold to the public. T-bills are usually issued with 3-month, 6-month or 1-year maturities. By purchasing a T-bill, you do so at a discount and therefore, ***you pay less to get more***. For example, if you invest \$50,000 and buy a Government of Saint Lucia 91-day T-bill which has a maximum 6% discount rate, you will spend \$49,252.05 and the Government agrees to repay you \$50,000 in 3 months or 91 days. You will then receive the interest earned over the 3-month period and make \$747.95 on your investment.

- ***Why invest in T-bills?***

T-bills are one of the ***safest*** investment products on the financial market because they are backed by governments and so are generally considered risk-free. They are also ***affordable*** since T-bills may be purchased at a minimum of \$5,000 which is within the reach of both individuals and institutions. Additionally, they can be ***traded easily*** on the

Eastern Caribbean Stock Exchange (ECSE) so you can sell them readily if you need cash.

Another key selling point for T-bills is that they may be used as *collateral security* for both individual and corporate loans. Most financial institutions accept T-bills as collateral and they earn investors attractive returns while being held as security by the financial institution. Returns on T-bills are generally *tax-free* and are therefore more attractive than traditional savings accounts and fixed deposits.

- ***How do I purchase a T-bill?***

Buying a T-bill is simple and straightforward. You contact a Registered Representative or Principal at ECFH Global Investment Solutions Ltd. to make an appointment. You will be guided through the process from the type of T-bill you wish to purchase to the actual payment. Just visit www.ecfhglobalinvestments.com or call 457-7233/7256 and you're on your way to making one of the safest investment decisions possible.