

It's time for your investment review

With spring finally arriving, many Canadians are looking forward to the summer months and making plans. It is also an important time to review the investments you hold to ensure that they match your tolerance for risk.

Start by determining the investments you hold, which are identified on your member statement and in your account online. There are two types of investments: Guaranteed Interest Accounts (GIAs) and market-based investments (known as segregated funds).

Guaranteed Interest Accounts (GIAs) are lower risk investments. You are provided with a guarantee that the amount you invest plus the stated rate of interest will be the value at the maturity date. They may be suitable for those very close to retirement or with a very low risk tolerance, but may not keep pace with inflation. They do not fluctuate in value when stocks markets increase or decline, but will only change based on current interest rates.

Market-based funds can be from low to high risk depending on the type of fund you choose. They are similar to mutual funds and invest in a diversified basket of stocks, bonds and cash. The fund's value will fluctuate based on the performance of the holdings in the fund. For example:

- **Asset allocation funds:** are created by professional managers to match an investor's risk tolerance and/or timeline to retirement and provide a diversified, customized investment solution. They range from low to high risk and are a popular choice as the level of risk reduces to align with the individual's retirement date or risk tolerance.
- **Money market funds:** invest in T-Bills, commercial paper and money instruments with maturities of less than a year. They provide very low returns but also offer a very low level of risk.
- **Bond/fixed income funds:** provide lower returns, volatility and risk than balanced funds. During periods of rising interest rates, the majority of these funds fall in value.
- **Short-term bond funds** provide protection during periods of rising interest rates.
- **Balanced funds:** these funds hold both stocks and bonds, to provide investors with potential for growth from the stock portion and downside protection from market volatility through the bond portion.
- **Equity funds:** have greater potential for gains and losses than other types of funds as they are solely invested in stocks. Equity fund managers diligently research stocks to determine which ones meet their mandates.

What is the most appropriate investment for you?

We recommend that you periodically review your investments to ensure they are the most appropriate for you and match your tolerance for risk and investor style. To receive an investor style questionnaire, or for an investment review, contact Reuter Benefits toll-free at 1-800-666-0142 or via email at retire@myretirement-alliance.com.

