Finance for Life™

Achieving Financial Success™

Finance for Life. Wealth for Living.™

CANFIN FINANCIAL GROUP

Investment Planning
Insurance Planning
Mortgage Planning

Tax Planning
Financial Planning
Estate Planning

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Reducing INVESTOR RISK

In business and investments, greater gain can be accompanied by greater risk. Important risk factors are examined below, along with constructive ways to deal with them. Any successful business person or investor will tell you, “There is no such thing as gaining wealth without risk.” In fact, within any business or investment, risk generally increases when the potential for gain is greater.

Investing in equity investment funds is similar to investing in any given business because such funds invest in the stocks of many businesses. If a business succeeds, its stock will increase in value and pass that value on to the shareholders. Similarly, if many companies' stocks increase in value in an equity fund over time, the investor's wealth can increase.

Because economic performance is uncertain, an investor who seeks growth by investing in the ownership of companies via equity investment funds cannot have zero risk. Here are the main risks involved in investing:

• ***Interest rate risk***, when increasing, could negate gains of certain income funds investing in bonds.
Solution: Maintain a balanced portfolio including equity funds along with different types of income funds: money market, short-term bond, and long-term bond funds.

• ***Business failure risk*** could deplete the value of any one company's stock.
Solution: Consider investing in equity investment funds because they hold many different stocks.

• ***Purchasing power risk*** is an alarming reality faced by everyone due to inflation's historical average which has been between 3% and 4%.
Solution: Calculate inflation into your retirement planning and consider investing in equity investment funds over the long term, with the potential to build sufficient wealth to meet increased

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future budget demands due to inflation.

• ***Market risk*** occurs because markets are cyclical, rising, correcting, and occasionally declining.
Solution: Diversify your funds, investing in different asset classes, as not all market sectors move together.
Consider investing more in money market and/or dividend funds in volatile markets.

• ***Opportunity risk*** occurs when you cannot invest your money for a potentially better return, such as when you are invested in a locked-in type of investment, such as term deposits, or have tied up your income in monthly payments.
Solution: Try not to lock up all of your money, keeping some in money market funds over any given period of time.

Increment To Increase
YOUR RETIREMENT INCOME

You may be making your own or employee sponsored contributions to your RRSP. If you increase your contributions by just 3% per annum, you can increase your accumulation over 30 years!

Consider doing these small changes to increase your retirement nest egg over 30 years. Simply look at how Bob increased his annual $10,000 RRSP investments by 3% over this period while earning an average of 5% per annum.

Compare this to John's annual deposits of $10,000 with the same 5% average annual gain, with deposits totaling $300,000, and growth of $397,608 after 30 years, growing to $697,608. The increase of contributing 3% per annum, delivers $297,099 more accumulation in the RRSP.