Shedding light on

Investing

A PRACTICAL GUIDE TO HELPING YOU ACHIEVE A LIFETIME OF FINANCIAL SECURITY

LEARN MORE ABOUT:

- Investments available to you
- What you should know about risk
- How you can afford to invest

About this guide

This booklet is part of a series designed to help you create a comprehensive plan for a lifetime of financial security.

It provides an overview of the general types of investment choices available to you and where you're able to buy them. You'll also learn about the risks of investing and things you can do to be more confident and comfortable with your investment decisions.

Checklists and worksheets help you clarify your investment goals and priorities in order to build an investment plan that's right for you and your family.

To help you understand the various investment products, we'll point you to a few online resources throughout this booklet.

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WHEN SHOULD I BECOME AN INVESTOR?

Chances are, you already have!

People often think that being an "investor" involves having lots of money and expertise...and taking lots of risks.

But if you're doing things like setting aside some savings or making RRSP contributions, you're already well on your way. And if you haven't started yet, it's never too late.

With a bit of planning and discipline, investing even a small amount each month gets your money working for you – and puts you on the right path to reaching your financial goals and getting the things you want out of life.

DID YOU KNOW?

Myth: A financial plan is too complicated.

Truth: A financial plan is as simple, or as complex, as you'd like. It's up to you.

TIP

Make your goals SMART

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound

SETTING MY FINANCIAL GOALS

Write down your goals:

- To help make them happen
- As a great first step towards creating a successful plan

My short-term goal for the next two years

My goals	My priorities	Specific terms
Example: save for a vacation	medium	I want to take a cruise next February. I want to save $150 a month to help pay for it.

My long-term goals

My goals	My priorities	Specific terms
Example: save for my child's education	high	In seven years, my oldest will go off to school. I want to save $50 a month for her RESP and have it matched by the government grant.

WHAT TYPES OF INVESTMENTS ARE AVAILABLE?

One of the great things about being an investor is the number of options you are able to choose from to help your money grow. It is important to have a general understanding of the common types of investments available, since some may be more suitable to your goals than others.

Some of the more popular investment options include:

- Stocks
- Bonds
- Mutual funds
- Segregated funds
- Guaranteed investment certificates
- Accumulation annuities
- Payout annuities
- Linked deposit notes

DID YOU KNOW?

Myth: You can't enjoy today and save for tomorrow.

Truth: A financial plan lets you balance enjoying today and tomorrow. It's about knowing where your money is going.

Stocks

What are they?

When you buy stocks (also called shares or equities), you are buying partial ownership in a company. A corporation may issue common shares or preferred shares (or both). The price of the stock goes up and down based on a number of complex factors, including how well the company is doing, the general state of the economy, and even how confident investors are in the stock market overall.

How do they work?

Stocks offer two ways for investors to make money:

- *Dividends* – an amount paid to stockholders, which represents a share in the company's profits.
- *Capital gains* – if you sell your shares at a profit – more than what you bought them for – the profit is called a capital gain.

Who buys them?

Stocks are better suited to experienced investors because you need quite a bit of expertise to make the best selections. You must also be willing and able to spend time researching and keeping a close eye on how your investments are doing.

Investing in stocks is most appropriate for people with a sizable amount of money to invest, since you need to be able to spread your investment dollars over a number of stocks to reduce risk. You also have to be able to withstand the ups and downs of the market. Plus, trading fees can be quite expensive.

TIP

Mutual funds are an easy way to get the advantages of investing in stocks – but with lower costs, more diversification and less risk (see page 10).

Where can I invest in them?

Stocks are bought and sold on an exchange, such as the Toronto Stock Exchange (TSX). An investment advisor can handle trades on your behalf or you can choose to trade on your own through a discount brokerage.

DEFINITIONS

Common shares – generally give you a right to vote at the annual meeting and to elect the directors of the company. Common shares can – but do not always – pay dividends.

Preferred shares –do not give you voting rights but do pay dividends.

Discount brokerage – a firm that executes trades on behalf of individual investors. They charge a lower commission but provide a lower level of service and advice than offered by a traditional, full-service brokerage (e.g. investment advice, in-house investment research, etc.)

Bonds

What are they?

A bond is a type of investment that is actually a loan between a borrower and a lender. You (as the investor) are the lender and the borrower is generally a government or corporation (known as the issuer).

How do they work?

The issuer promises to regularly pay a set interest rate to the investor at regular periods on the principal amount of the bond until the maturity date. Once the bond matures, the interest payments stop and the issuer must repay the investor the full amount of the bond.

Like stocks, bonds can be traded. The price or "market value" of a bond fluctuates throughout its lifetime, mostly because of changes in the current interest rate.

TIP

Bond mutual funds are an easy and effective way to invest in a "pool" of bonds (see page 10).

Who buys them?

Bonds appeal to people who are willing to give up the higher growth potential of stocks for increased safety. If a bond is of high quality (the issuer is in a financially-strong position to make the interest payments, as well as repay your principal) and held to maturity, you are most likely to get back your initial investment, plus interest.

A word of caution: bonds do have some risk. Because bond prices fluctuate, you may lose money if you sell the bond before maturity. There is also a risk that the bond issuer may go bankrupt and will be unable to repay your principal.

Where can I invest in them?

With the exception of Canada Savings Bonds, which are sold at most financial institutions, individual bonds are bought or sold through an investment advisor in what is called the over-the-counter (OTC) market.

THINGS TO REMEMBER

- When a bond price is equal to its face value, it is trading at *par.*
- When a bond price is below its face value, it is trading at ***a discount.***
- When a bond price is above its face value, it is trading at ***a premium.***

DEFINITIONS

Principal (or face value) – the original amount "borrowed" by a bond issuer. This represents the price of an individual bond when it is first issued for sale to investors.

Coupon rate – the specified rate of interest that is paid on a bond.

Maturity date – the date the bond issuer must repay the principal amount of the bond.

Common types of bonds

Government bonds – Issued and backed by federal, provincial or municipal governments. Generally considered to be the most secure type of bond with low risk of default and lower returns.

Canada savings bonds and provincial savings bonds – Issued and backed by the federal or provincial government. Pay a modest return and are not transferable but are generally redeemable at any time leading up to maturity for the full face value plus any accumulated interest.

Real-return bonds – Issued and backed by the federal government. Pay interest and principal that are adjusted for inflation.

Corporate bonds – Issued and backed by corporations. Generally offer higher yields but pose greater risks, as reflected in the credit rating of the issuer.

Strip (zero coupon) bonds – Issued and backed by corporations. Pay no interest during the life of the bond. Purchased at a discount and mature at par.

Mutual funds

What are they?

A mutual fund is kind of like getting a group of people to "chip in" on a gift in order to buy something bigger than you could afford on your own. People invest in the fund and their money is pooled together and invested in a broad range of stocks and/or bonds. A professional investor called a fund manager makes the day-to-day investing decisions.

How do they work?

When you invest in a mutual fund, you're actually buying units of the fund and receive a share of any gains (or losses). You also share in a portion of the fund's income of dividends and interest, along with its expenses, as represented by the fund's management expense ratio (MER).

Each mutual fund has:

- *Distinct objectives* – investors need to make sure the objectives align with their own goals.
- *A distinct management style* – for example, aggressive growth, conservative value, actively traded vs. securities held to maturity.
- *Its own fee structure.*

Both objectives and management style influence what the fund manager does with the day-to-day decisions and impacts the type of stocks and bonds held inside the fund.

THINGS TO REMEMBER

Mutual funds generally fall into one of three broad categories:

- ***Equity funds*** – invest primarily in stocks
- ***Income (or bond) funds*** – invest primarily in bonds and other debt instruments
- ***Balanced funds*** – invest in a mix of both debt and equities

Who buys them?

Mutual funds are an excellent choice for many investors. You're able to get the advantages of investing in a wide array of different stocks and/or bonds – which lowers your overall risk – but without needing to have the large amount of money it would take to buy each stock or bond by yourself. Mutual funds also tend to have lower fees than what you would pay to trade stocks and bonds.

Where can I invest in them?

There are literally thousands of mutual funds available to Canadian investors – from most financial institutions, including insurance companies.

DEFINITIONS

Net asset value per share (NAVPS) – the value of a mutual fund unit, which is calculated by adding the value of all investments owned by the fund minus any expenses, and dividing by the number of units that have been issued for sale.

Management expense ratio (MER) – the portion of a mutual fund's expenses, including the fund manager's compensation, that is charged by a fund company before any returns are paid out to investors. It's shown as a percentage of the total value of the fund (e.g. 1.75%) and is charged even if the fund goes down in value.

Mutual fund performance – your account statement shows the fund's performance after the MER is subtracted.

Segregated funds

What are they?

Segregated funds are very similar to mutual funds, but also offer some protection of your capital through additional guarantees and benefits. Technically they are an insurance contract and it's the insurance component that provides the additional advantages that are not available in mutual funds.

How do they work?

Unlike mutual funds, your investment in a segregated fund has a maturity date (e.g. 20 years). If you keep your investment until it matures, you are guaranteed to get back at least a portion of your initial investment (usually between 75 and 100 per cent). Mutual funds do not have a guarantee.

And because it is an insurance contract, if you die, the fund is paid directly to your beneficiary.

TAKE A CLOSER LOOK

Segregated funds provide a number of features and benefits that are not available with mutual funds:

Guarantees – all segregated funds offer guarantees that protect up to as much as 100% of the premiums you invest, either when you die or at the end of a specified term.

No probate – with insurance contracts, the proceeds are paid directly to your named beneficiary without passing through probate, saving time and estate administration fees.

Creditor protection – when the beneficiary is a parent, child, grandchild or spouse/partner, segregated fund assets may provide some protection from creditors. This is a benefit to business owners and professionals who want to protect their personal assets from professional liability.

Who buys them?

Segregated funds are popular with people who want the growth potential of a mutual fund but with the added security of guarantees. They are especially popular with people nearing retirement or business owners.

Where can I invest in them?

Segregated funds are available only through insurance companies.

DID YOU KNOW?

Some segregated funds offer an optional feature called a guaranteed minimum withdrawal benefit (GMWB). It can provide a secure annual income of up to a percentage of your deposits. This income is guaranteed for at least 20 years* or, in some products, for your lifetime. It may even increase with investment performance.

** Subject to legislated minimums and maximums and certain conditions.*

Guaranteed investment certificates

What are they?

GICs are among the safest and simplest investments you can make. In essence, investors deposit money and receive a guaranteed amount of interest for a guaranteed period of time.

How do they work?

With GICs, you agree to keep your money invested until a set maturity date. In exchange for locking in your money, the interest rate you receive is usually higher than what is paid in a savings account. Maturity dates are available in as little as 90 days but usually could range from one to five years.

You are generally allowed to cash in your GIC before the maturity date, but will usually pay a penalty.

Who buys them?

GICs are popular with people who want a safe way to invest shorter-term savings and get a guaranteed interest rate. But they are also practical for your longer-term investments, too, if you're looking for a way to lower the risk of your overall portfolio of investments.

Where can I invest in them?

GICs are offered by most banks, credit unions, trust companies and insurance companies.

DID YOU KNOW?

GICs may be eligible for Canada Deposit Insurance Corporation (CDIC), which protects your investment (up to $100,000) if the financial institution where your deposit is held goes bankrupt. See **www.cdic.ca** for more information.

Accumulation annuities

What are they?

Accumulation annuities (AAs) are a type of investment that is available only through insurance companies. They are very similar to GICs, but offer different guarantees with these added benefits:

- You can designate a beneficiary.
- Your investment is protected by legislation specific to the insurance industry.

How do they work?

Like GICs, with AAs you agree to invest your money:

- for a guaranteed amount of interest
- for a guaranteed period of time.

However, AAs also let you invest a lump sum or make deposits at regular or flexible intervals. The value of the annuity grows as you make deposits and earn interest.

Money invested in an accumulation annuity is protected (up to certain limits) by Assuris, an organization that protects Canadian policyholders in the event of insurance company bankruptcy. Visit **www.assuris.ca** for more information.

Who buys them?

AAs meet the same investment objectives as GICs. But unlike GICs, with AAs you get these additional advantages:

- *Beneficiary designation* – you're able to name a person(s) to receive the value of your annuity upon your death. The money is paid directly and immediately to your beneficiary, which avoids the costs and delays of probate.
- *Creditor protection* – As long as the named beneficiary qualifies under provincial law, investments may be protected against seizure by creditors in case of an unexpected lawsuit or bankruptcy. This is especially valuable for self-employed professionals and small business owners.

Where can I invest in them?

AAs are only available through insurance companies.

DID YOU KNOW?

Myth: Financial planning is all about numbers.

Truth: No, it's about setting goals and enjoying your life. But knowing the numbers can make it happen.

Payout annuities

What are they?

A payout annuity is designed for people who want to convert their savings into a guaranteed income stream for either:

- a set period of time, or
- for their lifetime.

You use a lump sum amount of money to buy a payout annuity.

You can choose to have the income begin immediately or at a later time (this is called a "deferred annuity").

DID YOU KNOW?

You may set up a payout annuity to be "indexed" so that payments increase to keep up with increases in the cost of living.

How do they work?

The income can be paid monthly, annually, or at any other interval agreed upon at the time of purchase. However, the income amount usually remains fixed. This amount usually depends on:

- *Age* – generally, the older you are, the larger the income.
- *Gender* – because women have a longer life expectancy, each payment to a woman tends to be smaller.
- *Amount used to buy the annuity* – the more you deposit, the larger your income will be.
- *Interest rates at the time of purchase* – higher interest means larger income payments.

Who buys them?

Payout annuities are for people who want a guaranteed regular income with a guaranteed income amount. Payout annuities provide a worry-free and secure income. You don't need to actively manage them, or worry about fluctuations in the market or changes in interest rates. They provide the added security of allowing you to select a beneficiary and may be protected from creditors.

When you retire, or up until the end of the year you turn 71, you have the option to roll your RRSP into a payout annuity, which gives you the benefit of having to pay income tax only on the annuity payments as they are made to you.

Where can I invest in them?

Payout annuities are available only through insurance companies.

FACT

Types of payout annuities

- *Life annuity* – provides income for as long as you live. You also have an option that guarantees the number of years that payments are made so that if you die during this time, a death benefit is paid to your beneficiary.
- *Joint and last survivor life annuity* – provides income payments for as long as you or your joint annuitant (e.g. spouse or partner) live.
- *Term certain annuity* – guarantees a specified number of income payments. If you die before all the specified payments are made, a death benefit is paid to a beneficiary.

Linked deposit notes

What are they?

Linked deposit notes, also known as principal-protected notes, are similar to bonds. Like bonds, they repay your principal in full when held until maturity. But they also provide the growth potential of mutual funds or other equity-based investments.

How do they work?

Linked deposit notes invest in an underlying basket – or mixture – of investments for the term that you select. Terms usually vary from three to 11 years.

At the end of the term, the rate of return you receive is calculated based on the overall performance of the basket of investments. If the return is positive, you are paid your original principal plus interest. If the return is negative, only your original principal is returned.

Who buys them?

Because you never lose your initial investment, linked deposit notes are suitable for people who choose to give up higher growth potential in exchange for more of a guarantee. This type of investment often appeals to people who are retired or near retirement.

Where can I invest in them?

Linked deposit notes are sold by many banks, trust companies, credit unions, brokerage firms and insurance companies.

DID YOU KNOW?

Myth: I don't have enough money today to save for tomorrow.

Truth: Saving a little money today will make a big difference tomorrow. And you likely have more money than you realize.

WHAT ARE REGISTERED INVESTMENTS?

Most types of investments may be held as either registered or non-registered – so what's the difference? Registered investments are designed to encourage you to save by providing special tax benefits.

Here's a quick look at the basic types of registered investments you're able to take advantage of:

Registered retirement savings plans

Every year you are allowed to contribute a percentage of your earned income (up to a maximum amount) to RRSPs. Contributions reduce your taxable income in the year you contribute. The money invested in the RRSP also has other significant tax benefits since you don't pay tax on capital gains and other income earned by your investments (e.g. dividends) until you withdraw money from the plan.

You're able to withdraw all or part of your RRSP money at any time. Withdrawals are subject to withholding tax and are included in your taxable income in the year of the withdrawal. Exceptions to this rule are:

- fund transfers from one RRSP account to another,
- transferring funds to a registered retirement income fund (see next page),
- transfers to another retirement income plan such as a payout annuity, or
- withdrawals for first time homeowners under the Home Buyers' Plan.

TIP

By the end of the year in which you turn age 71, all of the money in your RRSPs must be withdrawn or transferred to a RRIF or annuity.

Registered retirement income fund

When you reach the stage where you need to draw on your RRSP for income, a registered retirement income fund (RRIF) gives a taxable income while continuing to tax-shelter your remaining investments. You control where your money is invested, just like you did with your RRSP.

With RRIFs, you set up a schedule of regular income payments from the plan according to your retirement needs and the annual minimum amount required by tax legislation. You also have the flexibility to take extra income amount at any time.

Registered education savings plans

Registered education savings plans (RESPs) help you save for a child's post-secondary education. Interest or capital gains on contributions are tax-free until the money is withdrawn to pay for fees at an approved educational institution, or the plan is closed.

Unlike RRSPs, contributions to an RESP are not tax-deductible. However, RESP contributions are eligible for the Canada Education Savings Grant through which the federal government may match a portion of your contributions. Visit **www.hrsdc.gc.ca › Learning › Canada Student Loans and Grants** for more information.

DEFINITIONS

Capital gain – if your investment increases in value, a capital gain is the profit you make on the sale (the difference between your original purchase price and the price you sell it for).

Tax-Free Savings Account

Unlike an RRSP which focuses on saving for retirement, the Tax-Free Savings Account (TFSA) is set up in a way that helps you save for goals throughout your lifetime – a car, home, or starting a business are a few examples.

With the TFSA, you're able to contribute up to $5,000 each year to a savings account, GIC, accumulation annuity, segregated fund or mutual fund and your money grows tax-free. Withdrawals are allowed at any time and are also not taxed.

When you file your tax return each year, the government will determine your remaining available TFSA contribution limit for the coming year, just like an RRSP. But unlike an RRSP, the amount you contribute is not deducted from your taxable income for the year.

Any withdrawal amounts made in the current calendar year will be added to your unused contribution room for the following year. Any unused contribution room carries over to the following year and there is no limit to how much or how long contribution room may be carried forward.

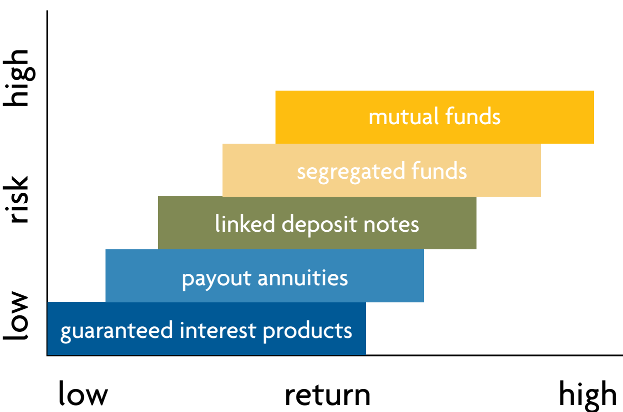
TIP

You don't have to withdraw all of your money out of your TFSA by a certain age, but you must be at least 18 years old* to open an account.

**Some provinces may require you to be 19 years old.*

WHAT SHOULD I KNOW ABOUT RISK?

While it's true that all investments carry at least some level of risk, the good news is that risk can work to your advantage. One of the simple truths of investing is that the higher the risk, the greater the potential for higher returns.



Types of risk

When you think of investment risk, you likely think of market risk – the possibility that the price of a stock or bond will drop below what you paid for it. But there are a number of other types of risk you also need to consider:

- *Credit or default risk* – the likelihood that a company you've invested in will go bankrupt or have its credit rating downgraded.
- *Currency risk* – how changes in the value of the Canadian dollar might affect the growth or value of your investment.

DID YOU KNOW?

There is a way to lower risk! It's called diversification – turn to page 25 for more details.

- *Expenditure risk* – for people enjoying an income from their investments, the risk that unplanned expenses will deplete capital or income too quickly.
- *Health risk* – the chance that poor health will force you to reduce the amount you're saving, or increase your expenses.
- *Inflation risk* – the likelihood that your investment will maintain its purchasing power.
- *Interest rate or reinvestment risk* – how interest rate changes might reduce the growth or value of your investment.
- *Liquidity risk* – the possibility that you can't efficiently access your money when you need it.
- *Longevity risk* – the chance that you'll live longer than your income can support you.
- *Market risk* – the possibility that the price of a stock or bond drops below the original purchase price.

TAKE A CLOSER LOOK

Suppose you kept $100,000 under your mattress for five years. If inflation was two percent a year, here's what the purchasing power of your money would be at the end of each year:

Year 1	$98,039
Year 2	$96,117
Year 3	$94,232
Year 4	$92,385
Year 5	$90,573

In other words, you need to make more than the inflation rate every year just to be able to afford the exact same goods and services over the years.

Diversification

Being a successful investor means finding the right balance between risk and return. One of the smartest and most effective ways to do this is through diversification – which is simply investment lingo for *don't put all your eggs in one basket.*

This means spreading your investments across three main types of investments:

*Cash and cash equivalent*s – Provide a lower interest rate but high safety and liquidity (ability to quickly convert to cash).

Examples:

- Savings accounts
- GICs ‹ 1 year

Fixed income investments – Offer security by agreeing to repay the principal, provide a guaranteed income stream, or both. Level of risk depends on the quality of the investment.

Examples:

- Bonds
- Bond mutual funds
- Annuities

Equity investments – Tend to be more risky than other asset classes over the short-term, but historically offer higher returns in the long run.

Examples:

- Stocks
- Equity mutual funds

How much of each asset class should your portfolio include?

It depends on things like:

- how many years you have left until retirement
- how much risk you are comfortable with
- how much wiggle room you have to withstand losses on your investments
- whether you're on track to achieving your goals.

THINGS TO REMEMBER

Along with spreading your investments across different asset classes (called "asset allocation" or "asset mix"), you can get even more benefits if you further diversify within each asset class by:

- Investment time horizon (short, medium and long-term)
- Industry sector
- Company size
- Country/currency

The value of professional advice

Why take more chances than you have to?

Whether you're a newcomer to investing or have experience with making investment decisions, an advisor can help you minimize your risk and maximize your investment growth potential.

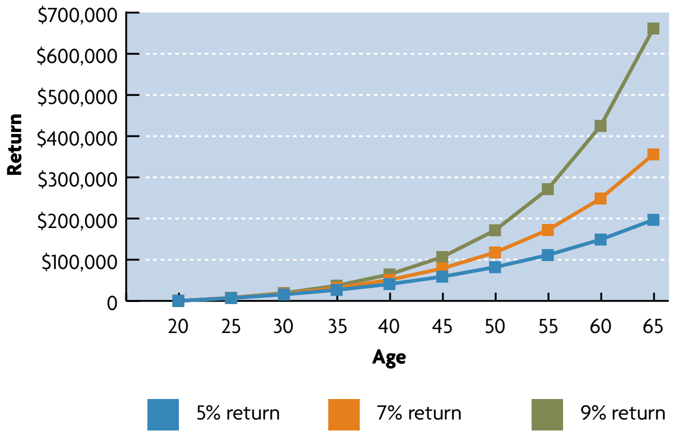
CHECKLIST

A financial advisor is able to help me:

- ✓ ***Assess*** my current situation by examining my finances in detail.
- ✓ ***Set*** realistic financial goals.
- ✓ ***Create*** a financial plan to achieve my goals, and put the plan into action and monitor its progress.
- ✓ ***Revise*** my plan as economic conditions or my life and goals change.
- ✓ ***Protect*** my hard-earned savings and financial future against unexpected circumstances.

HOW MUCH CAN I AFFORD TO INVEST?

When it comes to investing, a little goes a long way. Start saving when you're young. Putting away just $100 a month can result in a substantial retirement fund.



Visit **www.sunlife.ca/MyFinancialPlan** for more help in planning your financial future. Click on the printable worksheet "*12 tips for saving in your day-to-day spending*" to find simple ways to save money without making major changes to your lifestyle.

TIP

Many advisors recommend you try to put aside at least 10% of your after-tax income for savings and investments.

DID YOU KNOW?

Myth: I'm not wealthy enough to work with a financial advisor.

Truth: Everyone can benefit from sound financial advice, no matter how much money you have to work with. In fact, the tighter your budget, the more important it is to spend your money wisely.

MY MONEYFINDER

Use this worksheet as a starting point to help you figure out how much money you can contribute each month to a savings and investment plan.

If your monthly expenses are more than your monthly income, try cutting back on your variable expenses and using this money to pay off debts, start your investment plan, or both.

Monthly household income

My income	$
Spouse/partner's income	$
Other (e.g. rental property)	$
TOTAL MONTHLY	**$**
HOUSEHOLD INCOME	**$**

Fixed monthly expenses

Mortgage/rent	$
Utilities/condo fees	$
Car loan	$
Student loan	$
Business loan	$
Credit card payments	$
Other miscellaneous debt	$

Variable monthly expenses

Food	$
Entertainment	$
Clothes	$
Gifts	$
TOTAL MONTHLY EXPENSES	**$**
TOTAL INCOME MINUS	**$**
TOTAL EXPENSES	**$**

GLOSSARY

Capital gain – if your investment increases in value, a capital gain is the profit you make on the sale (the difference between your original purchase price and the price you sell it for). Capital gains are not taxed at as high a rate as employment income or interest.

Common shares – often pay dividends, but not always. They generally give you a right to vote at the company's annual meeting.

Company risk –the risk that the individual companies you invest in don't perform as well as you expected.

Coupon rate – the specified interest rate that is paid on a bond.

Credit or default risk – the chance that a company you've invested in will go bankrupt or have its credit rating downgraded, making it more expensive for the company to borrow money.

Currency or exchange rate risk – how changes in the value of the Canadian dollar might affect the growth or value of your investment.

Discount brokerage – a firm that executes trades on behalf of individual investors. They charge a lower commission rate but do not provide the quality of service offered by a traditional, full-service brokerage (e.g. investment advice, in-house investment research, etc.).

Inflation risk – the chance that your investment won't let you maintain your purchasing power.

Interest rate risk – how changes in the current interest rate might affect the growth or value of your investment.

Longevity risk – the chance that you'll live longer than your income can support you.

Management expense ratio (MER) – the portion of a mutual fund's expenses, including the fund manager's compensation, that are charged by a fund company before any returns are paid to investors.

Market risk – the possibility that the price of a stock or bond drops, driven by a general drop in the overall market.

Maturity date – the date the bond issuer must repay the principal amount of the bond.

Net asset value per share (NAVPS) – the value of one unit in a mutual fund. It is calculated daily by adding the value of all investments owned by the fund (minus any liabilities), and dividing by the number of available units.

Preferred shares – do not give you voting rights but do pay dividends.

Principal (or face value) – the original amount "borrowed" by a bond issuer. This represents the price of an individual bond when it is first issued for sale to investors.

Probate – the court process used to determine whether a will is valid or invalid and to confirm the power of the executor appointed in the will, or appoint one in cases where there is no will, to administer the estate.

Rate of return – the gain (or loss) you make as a percentage of the total amount you've invested.

You work hard for your money and investing is a smart way to get your money working for you.

Learning about the investment options available to you and understanding how to manage the potential risks are the first steps toward building a plan for a brighter financial future.

And once you have the right plan in place, a penny saved becomes much more than a penny earned.

Want to learn more?

Ask your advisor for copies of the other Sun Life Financial publications in this series or visit **www.sunlife.ca/MyFinancialPlan.**

CREATE A BRIGHT FUTURE

Build. Protect. Enjoy!

Your advisor and Sun Life Financial are here to help.

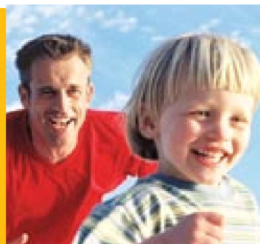
The thought of building a lifetime of financial security can be intimidating. We're busier, more financially independent and less reliant on our families. And we live in a marketplace full of complex products, benefits and offers.

Professional advice is invaluable in helping us sort it all out. Your advisor has the expertise to understand your needs and show you how to fulfill them. Together, you'll create a personalized plan that addresses your goals for the future, and evolve that plan as your needs and situation change. Your advisor – and Sun Life Financial – will help you get the most out of your plan.

Talk to your advisor today about Sun Life Financial!

For more information and resources:

- Visit **www.sunlife.ca/MyFinancialPlan**
- Call **1 877 SUN-LIFE (1 877 786-5433)**



Sun Life Financial (TSX: SLF) is a leading international financial services organization providing a diverse range of insurance and investment products and services to individuals and corporate customers.

We're dedicated to helping you achieve lifetime financial security.

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810-3460-03-09