How to avoid short-term trading penalties

When saving for retirement, long-term investment strategies are the most effective. Short-term trading doesn't fit in.

To protect a fund's unit holders from the increased administrative costs and potentially lowered fund returns that are a result of short-term trading, Sun Life Financial's policy is to charge a **two per cent penalty** for in-and-out trades.

What is short-term trading? A short-term trade is when a plan member makes an inter-fund transfer into a segregated fund followed by an inter-fund transfer out of the same segregated fund within 30 calendar days.

The short-term trading policy does not apply to...

- Money market fund transactions – these funds do not incur the same trading costs within the fund, so frequent transfers in and out do not impact the other members in the fund.
- Deposits or withdrawals.
- Automatic, scheduled inter-fund transfers – such as maturity transactions and automatic asset mix re-balancing.

What are the consequences?

If you make a short-term trade, you will be charged a two per cent fee. This is to compensate the fund for the potential losses that may occur due to the short-term trading activity. Each time a plan member buys or sells fund units, administrative and transaction costs are applied to the fund, potentially lowering the fund returns for all investors within the funds.

As a plan member, you are responsible for determining if you have made or are making a short-term trade as defined by the policy. A warning message appears on **mysunlife.ca** reminding you that the policy is in place. If you do make a short-term trade, we will send you a notice informing you that you have performed a short-term trade and that your account has been charged a two per cent fee.

In the event any plan member continues to make short-term trades, we retain the right to take further action, which may include delaying the member's trades and restricting the member's ability to do inter-fund transfers online.

How are the 30 calendar days calculated?

The transfer in amount needs to be held in the fund overnight to be counted as day one, so the first day an amount is transferred into a fund is not included in the 30 day calculation.

For example, if an amount is transferred into a fund on April 19, the first day of the 30 calendar day calculation takes effect April 20. April 21 is calculated as day two, and so on. In this example, May 19 is calculated as day 30. (May 20 is calculated as day 31, and would fall outside the 30-day calculation).

Questions

Call Sun Life Financial's Customer Care Centre any business day from 8 a.m. to 8 p.m. ET with any questions you may have about short-term trading. Service is available in more than 190 languages.