

GUARANTEED INVESTMENT CERTIFICATES (GICs)



THINGS TO KNOW

Financial markets can be subject to periods of event-related volatility that may leave you feeling anxious about your investments. If you're thinking twice about your current investment plan, it's important to keep in mind that time in the market beats timing the market. You should also consider the time horizon you have for your investments and why inaction may be the best action for you to take.

USING FIXED INCOME MUTUAL FUNDS

Fixed income funds could be considered more conservative investments than stocks, and could provide you with a monthly income stream. They may also offer a better distribution yield than a GIC. In addition, fixed income funds offer daily liquidity (so more flexibility) and could pay on a monthly basis, supporting your monthly or quarterly income needs. If your goal is to help protect against stock market downturns, you could consider a fixed income mutual fund.

STAY INVESTED

If you're worried about the market environment and considering moving your investments into guaranteed investment certificates (GICs), here are some things you should consider first:

- Unless you opt for the lower interest rate offered with the cashable GIC option, you're generally locked in, leaving little room for flexibility when the market starts to recover.
- If rates continue to be low and most rates you see are on an annual-pay basis, it could be difficult to fully satisfy your monthly or quarterly income needs.
- GIC payments are interest-bearing only, and 100% of GIC interest income are taxable at your marginal tax bracket when held in a non-registered account.
- Buying a GIC or Term Deposit will surely give you capital protection, however most likely it will give you negative real returns after the impact of Tax and Inflation.

GENERATING INCOME ↑

LOWERING PORTFOLIO VOLATILITY ↓

PRESERVING CAPITAL ↑

Market volatility is a normal part of long-term investing. By getting rid of assets too quickly, you could miss out on seeing your investments recover from downturns and even grow in value. Although past performance is not a guide to future performance, staying invested can be a way to capture as much growth from the market as possible.

We encourage you to schedule an appointment with your Financial Advisor at least annually to review your portfolio. Your participation is required in order for your advisor to assist you with your financial goals and objectives. If you require further information/assistance, please do not hesitate to contact your financial advisor at Shah Financial Planning Inc. • ShahFinancial.ca

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