

## How are you going to invest a maturing GIC?

Who can forecast interest rates?

Not me!  
Not even the so-called experts. They may hit it right once in a while but over the long term, most are no more accurate than throwing a dart at a dart board while blindfolded!

Many Canadians when asked about investing think only about renting out their money to a deposit taking institution such as a bank or trust company. If the term is 5 years or less the institution gives you a piece of paper called a Guaranteed Investment Certificate, and if they are members of the Canada Deposit Insurance Corporation, your money is guaranteed to be repaid. This institution then lends your money to someone whom you don't know, at 2 per cent to 5 per cent more than they are paying you.

These experts may be wrong, but how do you decide what term to take if you invest in a GIC. Should you take the one year rate about 7.5 per cent or should you

lock in for 5 years at about 9 per cent?

So what to do about a GIC which is coming due for renewal and which may be in your RRSP or even outside of your RRSP (and is not tax sheltered)?

There are really only two ways to invest your money. One is to loan, the other is to own. I have never met a person who has become a millionaire by lending money to a financial institution, but I have known many who have achieved millionaire status by ownership.

This may be a good time to consider investing in mutual funds, especially equity mutual funds. The outlook for interest rates over the next few years according to many of the experts seems to be that they will stay low. These same experts predict that when interest rates are low it is a good time to invest in equities.

We Canadians seem to be able to think long term (15-25 years)



**IT'S YOUR MONEY**  
Paul J. Rockel

when we pay for our homes. We get married to hopefully live "happily ever after". And we expect our children to be with us for 15-25 years before they move out on their own.

But when it comes to investments, if they don't make money almost immediately, we tend to avoid them. If you are like me, you don't know anything about investing in stocks and bonds, and are afraid to try. As we have said in the past, they go up and down. When they go down we figure we have lost our money. We get scared and forget to look at the long term. In spite of short term "downs," the long term

average return for equity investment far exceeds the returns from earning interest.

I know nothing about the market, so I use equity mutual funds for my investing. The funds are managed by professionals who have long track records of successful performance. I feel confident that full-time people who know what to do and when to do it, are looking after my dollars better than I could do on a part-time basis.

But, what if you can get a better return for your RRSP? Are you forced to stay with the RRSP that you now have, that may be paying you less than others have proven to do?

The answer is "No, you are not forced to stay where you are." You can transfer your RRSP to another institution, (the industry word for it is "rollover") by simply using a Government transfer form, called a T2033. They can and will be provided by the new institution that you wish

to take over your existing RRSP. There is no tax due when you transfer.

Why would you want to move your RRSP to another institution? Well, if you are facing a low return on an impending renewal and you feel comfortable that another RRSP would give you a much better return, wouldn't it be wise to move?

If you are facing lower returns on a GIC or RRSP GIC renewal maybe a transfer (rollover) should be considered.

For a free long term comparison between an equity mutual fund RRSP and an RRSP investment earning 10 per cent contact Peter C. Masson, 10 Fagan Drive, Georgetown, Ont. or phone 877-7216.

Paul J. Rockel is the author of the best seller "Why I Invest in Mutual Funds" and President of Regal Capital Planners Limited, a 24-year-old financial planning company with offices from coast to coast in Canada.

### Speakers Bureau

In response to the demand for speakers on topics of interest to small business, the Federal Business Development Bank (FBDB) has set up a Speakers Bureau to help organizations locate the right speaker for their luncheon/dinner programs, conferences and other special events. These organizations include trade and business associations, rotary clubs and boards of trade.

Bank speakers are on the front line - they deal with people in small business every day. As a result they are uniquely qualified to discuss Canada's entrepreneurial development. FBDB keynote speakers are free of charge for speaking engagements of up to one hour and can speak on a wide variety of topics.

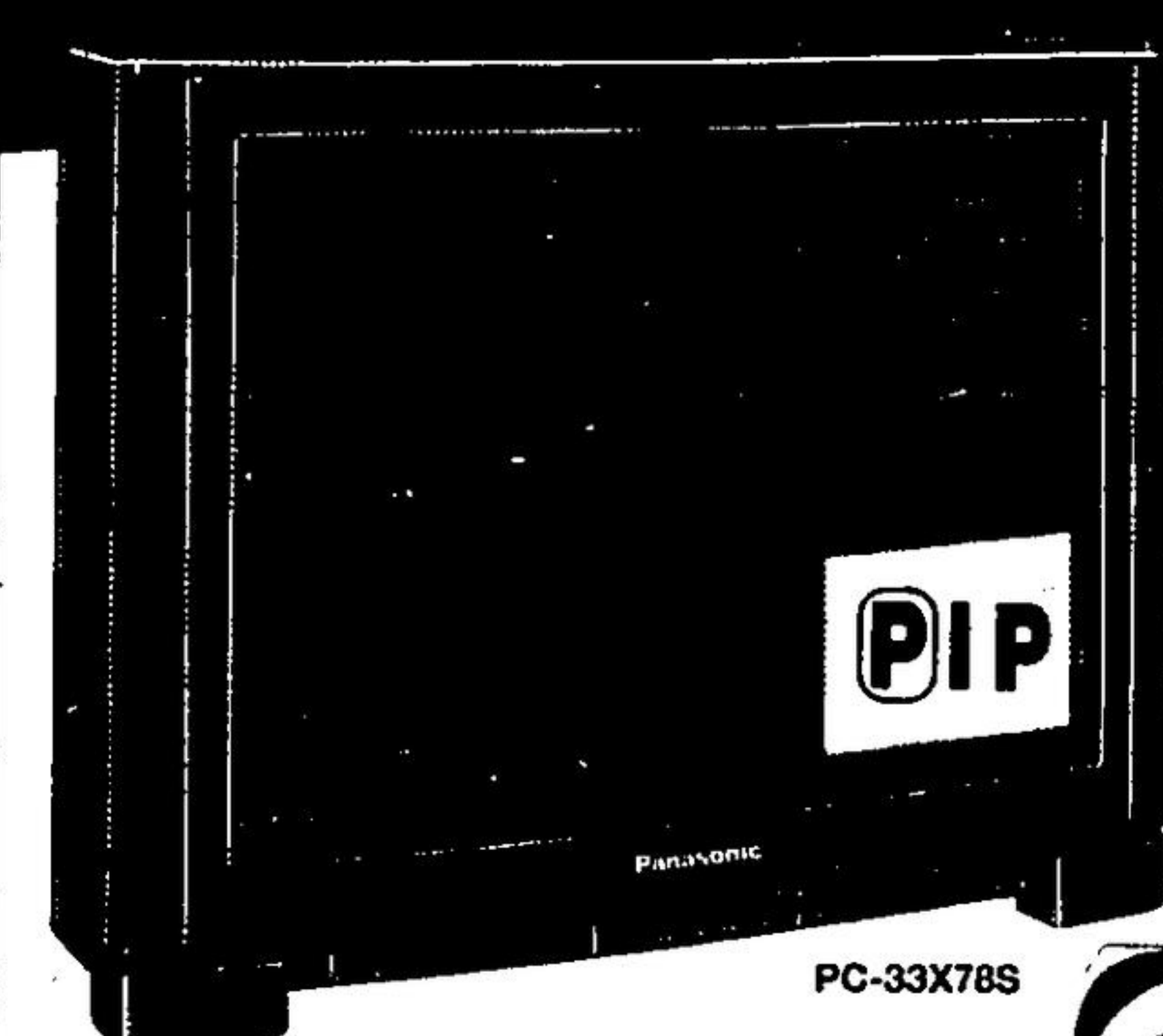
Some of the Speakers Bureau current titles are: Realizing the Entrepreneurial Dream: How to Start a Small Business; The 1990's: Recognizing Opportunity When It Knocks; Changing Markets in the 1990's; Marketing Fundamentals in the New Decade; The Role of Small Business in the Economy; Small Business in the Global Economy; Strategic Planning for Small Businesses; Helping You Harness the Course of Change; Developing People Through Training; Women Entrepreneurs: Pioneers in Business.

These titles encompass current issues and concerns faced by small business, however the Bank is also ready to speak to groups about the services and products it offers, for example: FBDB Financial Services; and CASE: A Resource for the Resourceful. The CASE (Counselling Assistance to Small Enterprises) Program offers the services of over 1,100 successful and highly experienced business people to assist firms in improving their operations.

If you business/professional association or community group would like to book a speaker, or would like more information on the FBDB Speakers Bureau, call Carolyn Mason at (416)973-0019.

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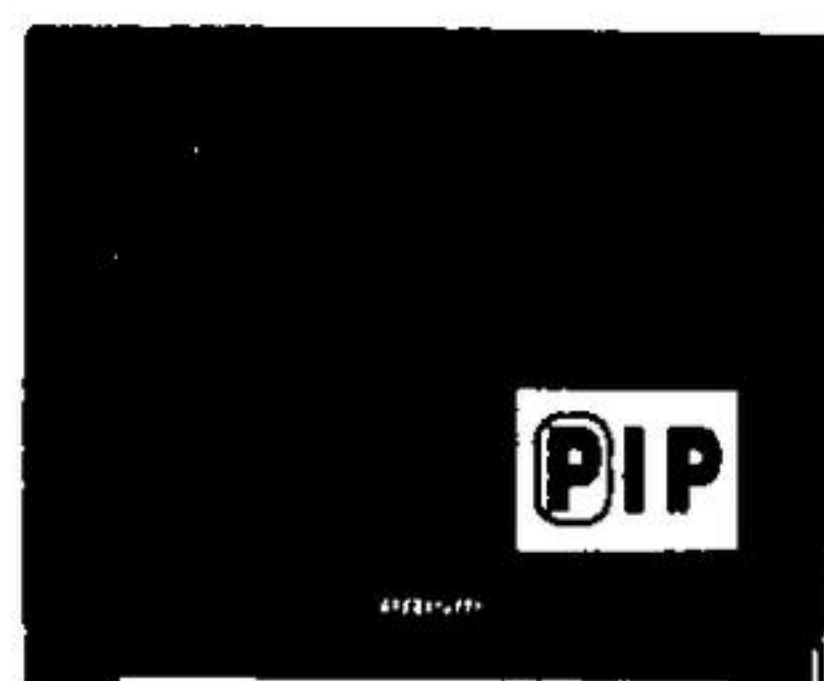
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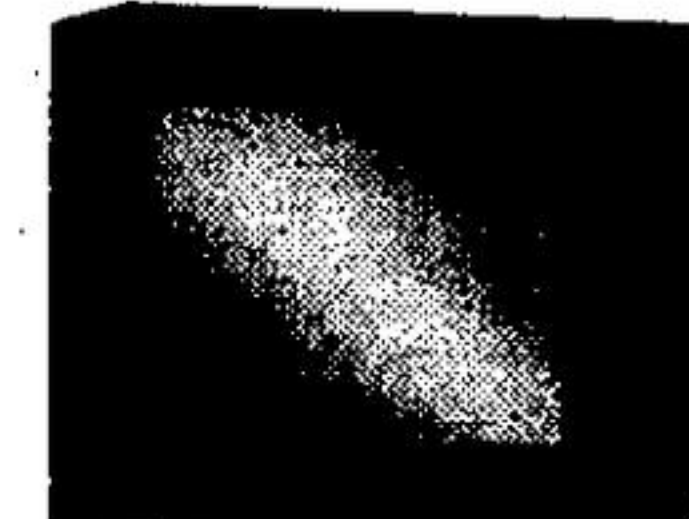


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