

Money Matters



Planning Your RRSP Portfolio

It is a source of wonder how often people part with their hard earned cash for an annual RRSP contribution and have no clear idea of what type of investment they

have made. If they had \$5000 to invest in stereo equipment or a new computer, they would invariably have undertaken some lengthy research. Probably, they would

have chatted to friends and co-workers about their choices and then made a careful analysis of what best suits their needs. Not so with their RRSP. Research still

confirms that every year, the vast majority of RRSP investments are made in the last week of February and it usually takes as long putting a signature on an application form at a wicket. What, then, should you be doing about planning your RRSP investments?

The first rule should be "To your own self, be true." In other words,

are you a cautious or an aggressive or a middle-of-the-road investor? Spend some time thinking about your temperament. Do you prefer the security of a guaranteed investment such as Canada Savings Bonds, Treasury Bills, term deposits and fixed rate certificates. If so, then these should form the majority of your RRSP portfolio.

If you are somewhat more adventuresome than that, then you could be investing in mortgages, government bonds and preferred shares of what are termed "Blue Chip" corporations — companies that are well capitalized, have a record of making profits for their share holders and have been in business for a length of time. Commercial real estate would also be a middle of the road investment. It provides regular rental income and over time appreciates in value. Admittedly, this example looks unlikely to be doing so in the near future with the reduced value of real estate globally. The Reichmann empire remains the best example of that.

Finally, what does the aggressive investor look at. Certainly, there would be a need to invest in common shares of those "Blue Chip" corporations — shares that will rise and fall more so than those preferred shares mentioned earlier. They are really a barometer of supply and demand as the expression goes. Other investments for the aggressive investor are commodities such as precious metals and financial instruments such as options and futures. These are really for the knowledgeable.

How can you start on restructuring your RRSP portfolio if you did not realize all these investment products were available? Well, you should ask around for someone who is well qualified and has a good reputation in the financial services community. This might be an accountant, a financial planner or a representative from the investment industry. In my next article, I'll look at some of the other planning techniques available with your RRSP portfolio.

John Green is a Milton resident and an Account Executive with the Investors Group in Oakville. The opinions expressed in this column are of a personal nature and any general investment advice should not be acted upon without consultation with a qualified adviser. If you have any questions about this article or any other financial planning matter, you can reach John at 875-0511 or 842-4630.

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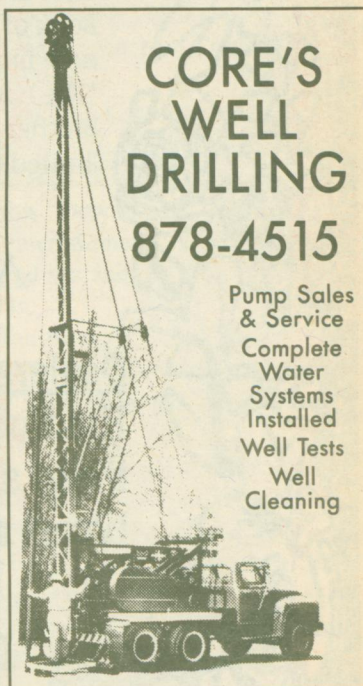
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