

Fine-tune investments to find risk balance

BY STAN TEPNER, CA
Special to The Tanner

You can't invest without incurring risk. But as any chartered accountant will tell you, the more you understand risk, the more you can minimize it.

Most people consider only one dimension of risk when investing — preserving their capital. If they invest \$1,000, they want to ensure they get that \$1,000 back at some point. They may be willing to accept a relatively low earnings rate on their funds to preserve that capital, so they invest in "low risk" GICs (guaranteed investment certificates), Canada Savings Bonds and short term deposits or treasury bills.

But there are other types of risk that investors should consider, especially when saving for retirement. While many Canadians hope to retire before age 65, the fact that we now live longer than past generations means that our retirement savings may have to last 25 to 30 years, or even longer. Thus, one of the biggest risks today is not whether you will lose your capital but whether you will outlive it.

In this context, your investing equation becomes one of determining how much is "enough" to support your future needs. Can you preserve your capital by investing in guaranteed securities and still have enough? Or do you have to put some of your capital at risk in order to earn more and thereby reduce the risk of outliving your savings?

It is very difficult to make reli-

able projections 20 or 30 or more year into the future. So it follows that it is difficult to make investment decisions based on such projections.

The way to start is to look at your current investing program, whether inside or outside an RRSP. And the first thing to consider is how much risk to capital you can tolerate. Generally, over the long term, the more risk to capital you take, the more you will earn on your investments. This means investing some of your capital in most mutual funds, stocks, longer-term bonds, real estate or even commodities, rather than in guaranteed securities.

You won't discover your risk comfort level over-night. But gauging how well you sleep at night is a time-honoured method of determining your tolerance to risk. How much of your total capital must you have invested in guaranteed securities to ensure a good night's sleep? Once you have decided this, you should consider investing the rest less conservatively. Of course, you will have to

find a risk comfort level you can tolerate with these other investments, too.

It may take a year or two to fine-tune your investments and find the proper risk balance, but once you do, you can estimate the total earnings rate of your portfolio and make your projections. Only then

will you be able to determine if your retirement objectives and your investment program match up.

Moneycare is general financial advice by Canada's chartered accountants. Stan Tepner is a financial adviser with Midland Walwyn Capital Inc.

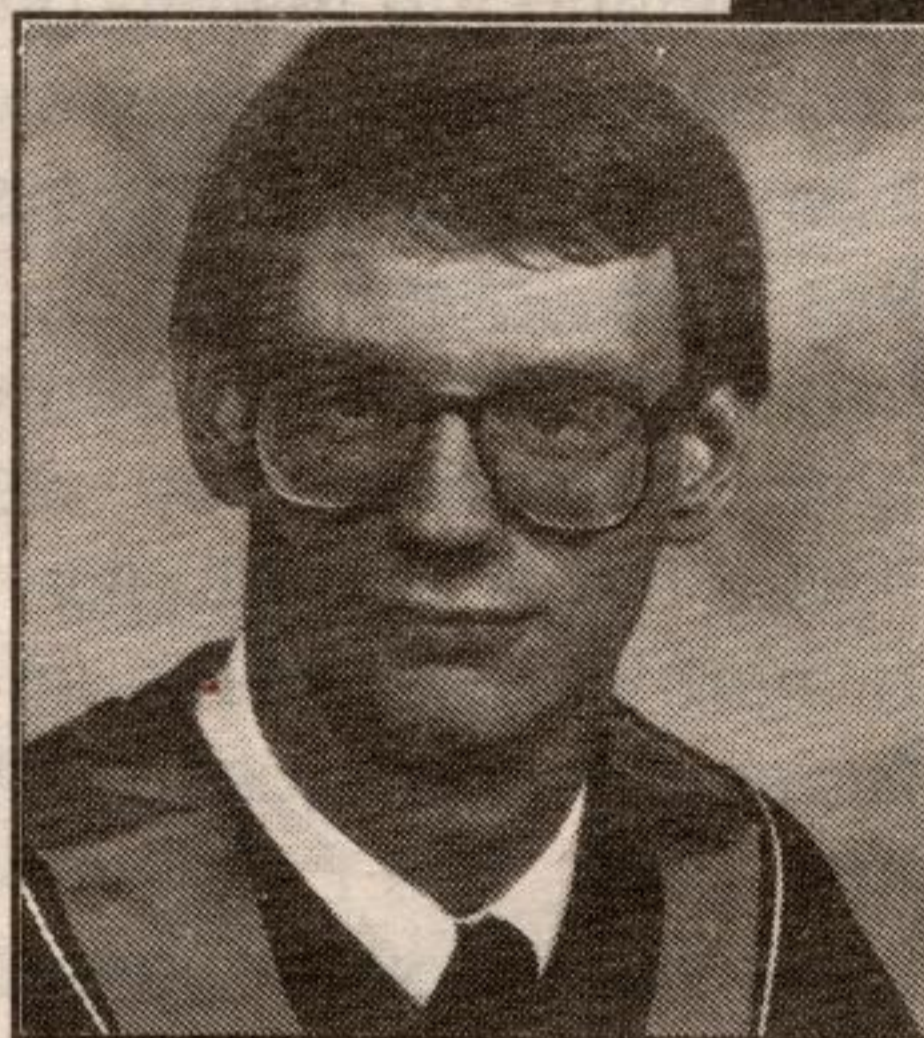
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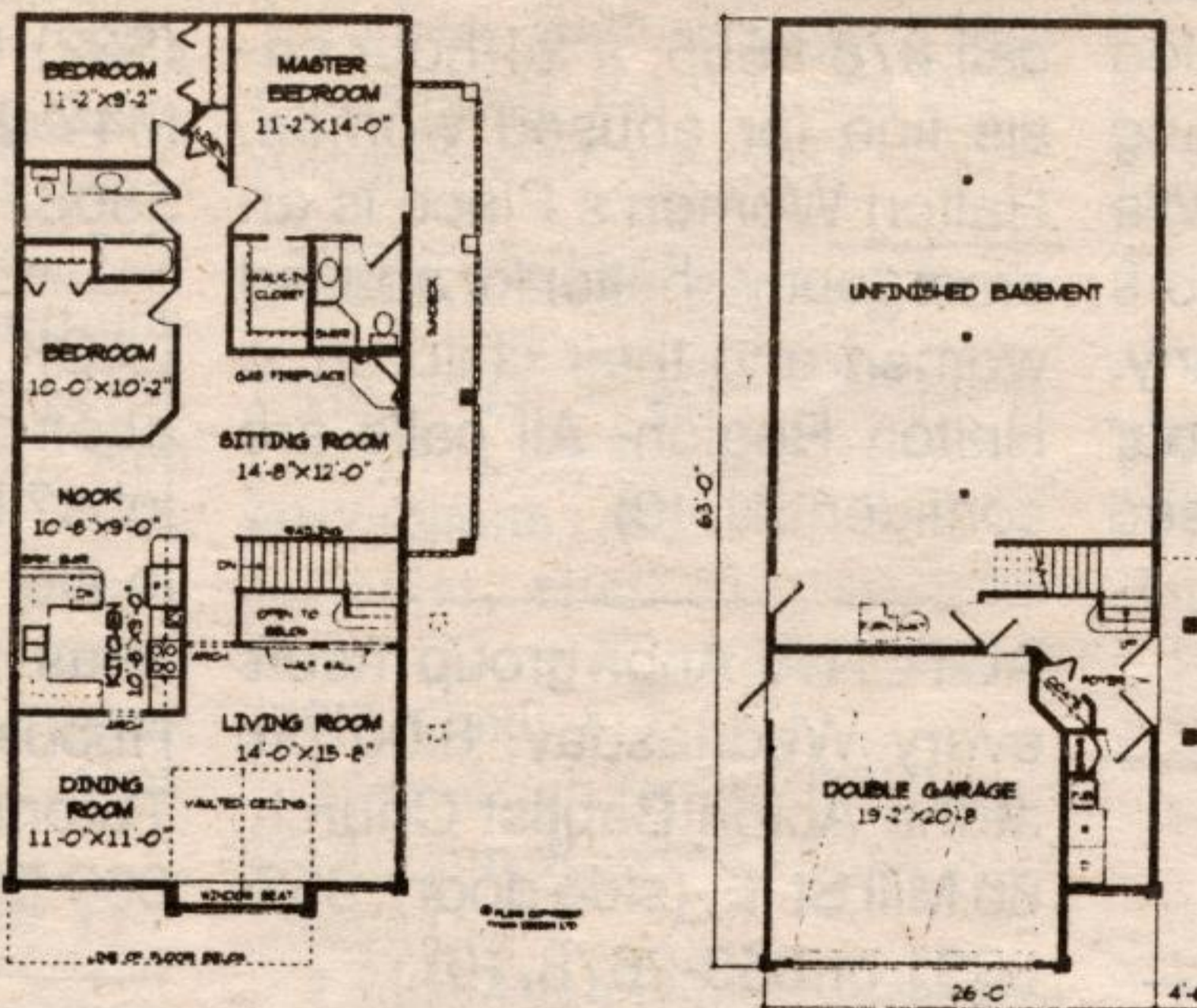
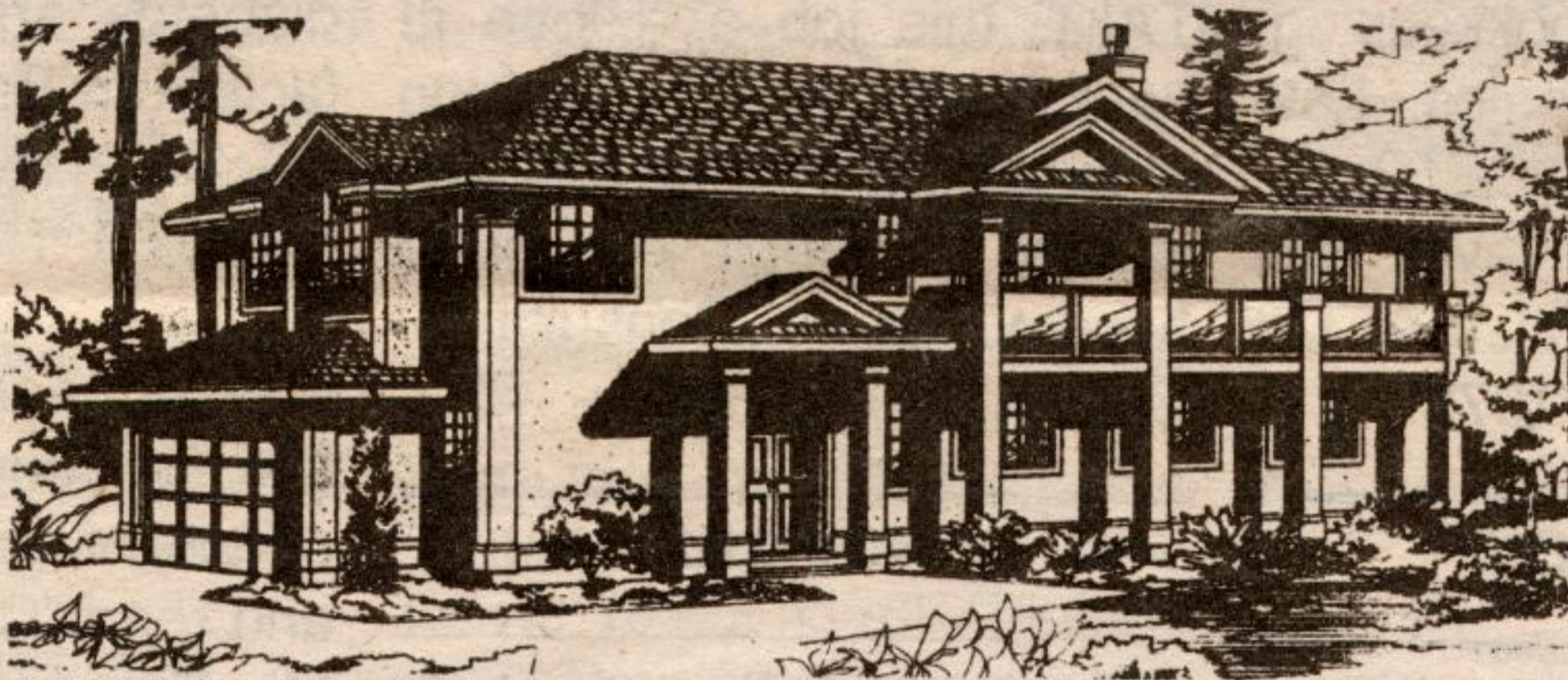
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HOMEPLAN OF THE WEEK!



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Narrow basement plan suits corner lot

Actually, this plan will suit either a long narrow lot or a wide shallow lot. Either way, with the garage on one end and the front entrance on the side, it is specifically designed for a corner lot.

A fashionable stucco exterior is further enhanced by a high entrance-way, pillars and feature windows. Inside, the layout is both comfortable and stylish.

Enter through double doors into the foyer which is partially open to the second storey. An unfinished basement allows plenty of room for development once time and finances allow.

Upstairs, an open plan for the living-dining room provides a spacious area for entertaining and features a vaulted ceiling and a palladian feature window. Two half-walls provide a view from the living room to the sitting room which

has a cosy corner fireplace. The kitchen offers an efficient working layout with a handy breakfast bar to service the nook. The master bedroom has a walk-in closet, a three-piece ensuite and private access to the sundeck.

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Smoking ban effective immediately

Continued from Front Page the building."

According to Stover, there have been many complaints about smoking and second-hand smoke in washrooms and concession stand areas.

"Arenas are meant for athletics and so it is important to look out for the greater benefit of all those who use the facility," adds Stover.

The ban on smoking in the arena is effective immediately.

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