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Issue

2

[ Financial Affairs ]

**RRSPs: THE BENEFITS  
OF SELF-DIRECTED PLANS**

[ Financial Affairs ]

- Issue 1 RRSPs: Planning For Your Future**
- Issue 2 RRSPs: The Benefits Of Self-Directed Plans**
- Issue 3 RRIFs: Retirement The Way You Like It**
- Issue 4 The Importance Of Sound Financial Advice**
- Issue 5 Mutual Funds: A Basic Introduction**
- Issue 6 More Profitable Returns Through World Markets**
- Issue 7 The Power Of Compounding And Dollar Cost Averaging**
- Issue 8 The Power Of Diversification Through Mutual Funds**
- Issue 9 Group RRSPs: A Total Benefit Program**
- Issue 10 Ten Steps To Establishing A Personal Financial Plan**
- Issue 11 Women And Financial Independence**



*Working Together For Your Future*

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# Exploding The Myths And Taking Control



## Exploding The Myths And Taking Control

**T**here are many myths about Self-Directed

Registered Retirement Savings Plans (RRSPs). The reality, however, is that Self-Directed retirement investing is available to virtually everyone and offers greater choice, flexibility, control, and convenience – as well as protection from risk through greater diversification.

Overcoming popular misconceptions is the first step toward putting this powerful retirement planning option to work for you and your future.



## Benefits of Self-Directed RRSPs

- ✓ FLEXIBILITY
- ✓ CONTROL
- ✓ CONSOLIDATION
- ✓ GROWTH POTENTIAL
- ✓ CONVENIENCE
- ✓ DIVERSIFICATION
- ✓ FOREIGN CONTENT OPPORTUNITIES

### MYTH

*Self-Directed Plans are only for high net-worth investors.*

### REALITY

In the early 1970s, many sophisticated investors accumulated sizable RRSPs, and trust companies began offering Self-Directed Plans to allow for greater diversification of individual portfolios. Fees on these early plans were based on assets under administration, and sometimes amounted to \$1,000 per year.

Today, most Self-Directed Plans charge a small, fixed fee. So the opportunity to tailor tax-sheltered investments to suit individual needs is an affordable strategy for the vast majority of investors.



### MYTH

*Even if you don't "play the market", a Self-Directed Plan is risky.*

### REALITY

A Self-Directed Plan is as risky or conservative as you care to make it. You're in the driver's seat. The truth is, Self-Directed Plans are the best and most convenient way to invest in the safest of securities such as Canada Savings Bonds, Treasury Bills, and strip bonds.

### MYTH

*Managing a Self-Directed Plan takes a lot of time, because you have to keep on top of financial markets every day.*

### REALITY

Many successful investors make their RRSP investment choices and check their progress solely by reviewing their regular financial statements. They rely on their Financial Advisor to keep them abreast of any important developments.

**MYTH**  
*A Self-Directed RRSP is only for people who want to "play the market".*

**REALITY**  
Many Self-Directed Plans allow you to invest in stocks and bonds. But there's no need to trade frequently. (In fact, for the average investor, it can be a bad idea.) Many successful investors make just a few trades within their RRSP.


## RRSP reality: everyone can have a Self-Directed Plan.

### MYTH

*It doesn't really matter what type of RRSP you have. The main purpose of RRSP investing is the tax break.*

### REALITY

The type of plan you choose matters a great deal. The objective of your RRSP is to invest for the future, with the tax break being an important added incentive. A Self-Directed RRSP is an ideal way to take control of your financial future and maximize growth potential through a diverse set of investment choices.



If you have more than one RRSP, it's also generally a good idea to consolidate your investments into one Self-

Directed Plan. Consolidation eliminates the pressure and time loss of transferring from one trustee to another to take advantage of better interest rates and investment options.

### REAL FLEXIBILITY

With a Self-Directed RRSP, you can purchase many different qualified investment vehicles including mutual funds, GICs, numerous securities and mortgages. This provides the ultimate in diversification for your portfolio and makes it easy to adjust the allocation of your RRSP assets to accommodate different market conditions.

### REAL OPPORTUNITY

International investments have traditionally enhanced the value of an RRSP. In fact, you are allowed to have up to 20% of your book value in foreign investments. By consolidating all of your assets into one Self-Directed Plan, you can also take maximum advantage of this foreign content opportunity.

## A Self-Directed RRSP: Today's realities

1. **Affordable.**
2. **Suitable for investors who don't "trade" within their accounts frequently, as well as those who do.**
3. **Requires no extra time to manage.**
4. **Offers greater flexibility and control through a wider choice of investments – and the ability to hold as many investments as you wish.**
5. **May reduce risk through greater diversification.**
6. **With the assistance of your Financial Advisor, provides much more than just a tax break.**

## For more information

**Ask your Financial Advisor. There's no one better qualified to help you discover how a Self-Directed Plan can help you achieve your investment goals.**