



Reuter Insight

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Investing Basics

As a member of a group retirement savings plan, you have created your portfolio from a diversified selection of investment options. It is important to have a good understanding of these options.

There are two main types of investments to choose from:

1) Guaranteed Interest Account (GIA)

This account guarantees an interest rate from the date of contribution until maturity. Each contribution accumulates for the term selected at the rate in effect on the date of deposit.

A GIA offered in a group plan is cashable prior to maturity; however, surrender prior to maturity could result in a decrease or increase to the amount of interest paid. At maturity, the GIA is automatically re-invested for the same term, unless you provide alternate instructions.

While a guaranteed investment may be appropriate for investors with a low tolerance for risk, over the long term the rate of return earned may not keep up with inflation.

2) Segregated Fund

This is a type of non-guaranteed investment fund and is administered by insurance companies. This fund is fully segregated from the insurer's general investment funds. It consists of a pool of investments in securities such as bonds and stocks. The value of the fund fluctuates according to its unit value which is calculated each business day. When an investor invests in a fund, he/she is purchasing units of the fund at the unit value declared on the purchase date at the end of the trading day.

Segregated funds provide investors with potential for long-term growth; however, the potential for short-term volatility also exists. An assessment of risk should be completed to ensure that the fund selected matches both the rate of return expectation as well as tolerance for risk.

If you have questions regarding these options or your investments, please contact our office toll-free at 1-800-666-0142 or via email at retire@reuterbenefits.com.