

# Investing Basics Getting Started



Why do people spend more time buying a new car or planning a vacation than investing their life savings?

Most people know they should play a more active role in their investments but they often don't know where to start.

## We're here to help



The Canadian Securities Administrators (CSA) have put together this guide to help get you on your way. Our members include the 13 securities regulators of Canada's provinces and territories. If you have questions or want more information, contact your local securities regulator listed on page 7.

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## Why Invest?

Investing simply means putting your money to work so it can make more money. For many Canadians, investing is not only prudent – it's a necessity.



Increasingly, the responsibility for retirement planning is shifting to the individual. According to Statistics Canada, the fraction of paid workers covered by a registered pension plan dropped from 44.2% in 1985 to 38.5% in 2005<sup>1</sup>. Saving for retirement will likely be the biggest financial goal for most Canadians and investing is one of the few ways that can help them achieve it.

There are many different ways you can go about investing. This includes putting money into stocks, bonds, mutual funds and real estate, to name just a few. Each of these has pros and cons, which we discuss later in this guide.

### What investing is not

Investing is not a get-rich-quick scheme and it is not gambling. Gambling is putting your money at risk by betting on a random outcome with the hope that you might win more money.

Wise investors don't leave it to chance. They have a plan and commit money only when they have a reasonable expectation of profit. Yes, there is still risk and there are often no guarantees, but investing should be more than hoping luck is on your side.

### Why you need to be involved

The bottom line is that it's your money and who will care more about your money than you? No matter who's actually handling your investments, only you will know if you are comfortable with the investment choices. And it's up to you to stay on top of your investments to make sure they keep working for you.

## On the following pages, you'll find these tips to help you get started:



- ▶ know where you're going with your investments
- ▶ know who you're dealing with
- ▶ know what you're investing in
- ▶ know where to go for help

## Know where you're going with your investments

Everyone has a different idea of what money means to them – personal freedom, a sense of security or the ability to afford the things they want in life. Having a plan can help you get where you want to be.

### Know what you want to do

Look at the bigger picture. How do you see yourself down the road? Set financial goals by writing down what you want to accomplish and by when.

Some examples:

- ▶ Make a down payment of \$25,000 on a house in two years.
- ▶ Contribute \$10,000 toward your child's education in 10 years.
- ▶ Retire in 15 years with an income of \$50,000 a year for at least 20 years.

### Know who you are

Each investment has its own characteristics and some investments will be better suited to you than others. When you understand who you are as an investor, it will be easier to make the choices that are right for you.

### How much risk are you willing to take?

Your ability to take on risk is key to finding out what works for you. In investing, the higher the potential return, the higher the risk. There's no such thing as a high return, risk-free investment. If you want higher returns, you have to be prepared to accept the risks that go along with them.

Your tolerance for risk may depend on:

- ▶ what is more important to you – keeping your money safe or seeking higher growth
- ▶ when you need your money
- ▶ how you react to the ups and down of the markets
- ▶ if you have any debts
- ▶ if you have any other sources of income to fall back on

For many people, the tried and true test is whether they can sleep at night.

### How comfortable are you investing on your own?

Your desire to do your own research and select investments is another important consideration. How much time are you willing to spend sorting through investment choices and keeping up with the markets? How confident are you in your investment knowledge and ability to carry out your decisions?

**If you need some guidance, you may want to seek the services of a financial adviser.**

### Finding the money to invest

Your age, personal circumstances and financial situation will affect your ability to reach your goals.

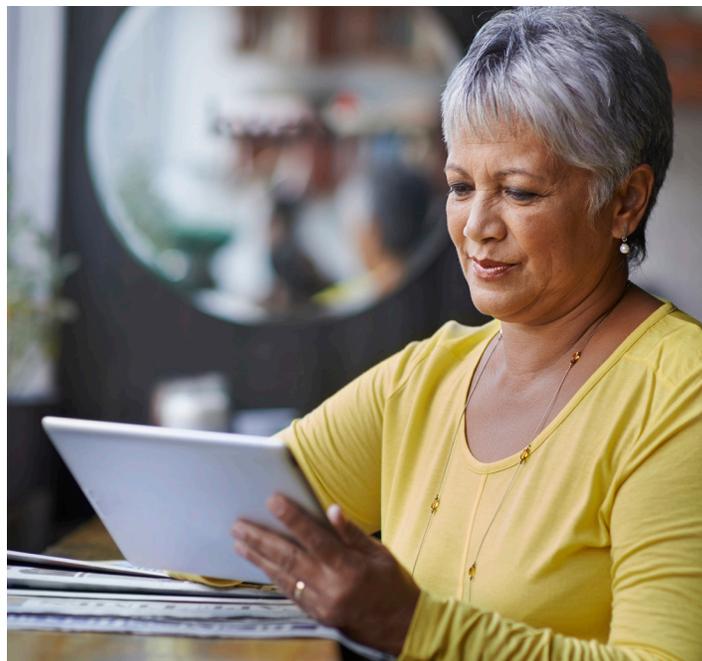


## Know where to go for help

Securities regulators oversee Canada's capital markets and the advisers who sell and manage securities traded in those markets. We strive to protect investors from unfair, improper and fraudulent practices while fostering a fair and efficient marketplace.

Our free, objective guides can help you learn more about investing, how specific investments work and choosing an adviser. They're available on the Canadian Securities Administrators website at [www.securities-administrators.ca](http://www.securities-administrators.ca) or by contacting your local securities regulator listed below.

- ▶ Investments at a glance
- ▶ Working with a financial adviser
- ▶ Understanding mutual funds
- ▶ Protect your money: Avoiding frauds and scams



### Members of the Canadian Securities Administrators

[www.securities-administrators.ca](http://www.securities-administrators.ca)

#### Alberta Securities Commission

[www.albertasecurities.com](http://www.albertasecurities.com)

403-297-6454

1-877-355-4488

#### British Columbia Securities Commission

[www.investright.org](http://www.investright.org)

604-899-6854 or

1-800-373-6393 (toll-free across Canada)

#### Manitoba Securities Commission

[www.msced.ca](http://www.msced.ca)

204-945-2548 or 1-800-655-5244

#### New Brunswick Securities Commission

[www.investinknowingmore.ca](http://www.investinknowingmore.ca)

506-658-3060

1-866-933-2222 (NB only)

#### Financial Services Regulation Division Newfoundland and Labrador

[www.gs.gov.nl.ca/securities/index.html](http://www.gs.gov.nl.ca/securities/index.html)

709-729-4189

#### Northwest Territories Registrar of Securities

[www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry)

867-920-3318

#### Nova Scotia Securities Commission

[www.beforeyouinvest.ca](http://www.beforeyouinvest.ca)

902-424-2499

1-855-424-2499

#### Nunavut Registrar of Securities

867-975-6190

#### Ontario Securities Commission

[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

416-593-8314 or 1-877-785-1555

#### Prince Edward Island Office of the Attorney General

[www.gov.pe.ca/securities](http://www.gov.pe.ca/securities)

902-368-6288

#### Autorité des marchés financiers (Quebec)

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

1-877-525-0337

#### Saskatchewan Financial Services Commission

[www.spsc.gov.sk.ca](http://www.spsc.gov.sk.ca)

306-787-5645

#### Yukon Securities Office

[www.community.gov.yk.ca/corp/secureinvest.html](http://www.community.gov.yk.ca/corp/secureinvest.html)

867-667-5466

1-800-661-0408