

**Annuity**

A series of payments of a fixed amount for a specified period of time. A life annuity will continue for the lifetime of the recipient.

**Asset mix**

Current allocation of your assets among the various investment categories offered under your group program, i.e., guaranteed, balanced, equity, fixed income and specialty.

**Balanced/Diversified Funds**

These funds invest in a mix of company shares, bonds and short-term investments. A Balanced Fund will typically perform better than an Equity Fund when stock values are falling, but less when they are rising.

**Book value**

Original price paid for an investment, plus reinvested income earned.

**Canada Pension Plan (CPP)**

A governmental plan that provides benefits to workers and their families in the event of retirement, disability or death. CPP applies everywhere in Canada, with the exception of Quebec (see QPP).

**Consumer Price Index (CPI)**

A statistical device that measures the change in the cost of living for consumers. It is used to illustrate the amount of inflation that has taken place.

**Disinvestment instructions**

Instructions that indicate from which investment funds future withdrawals will be made.

**Diversification**

The spreading of assets among a number of different investment options which are not perfectly positively correlated. Since the assets are not perfectly correlated, losses of any one fund can be offset by gains on other funds.

**Earned income**

Generally the money made by the individual from employment. Earned income is used as a basis for calculating RRSP maximum contribution limits.

**Equity Funds**

These funds invest primarily in the ownership (stock) of publicly traded companies in Canada, the US, and abroad. Historically, they have offered better returns over the long term than other investments, but have also experienced more fluctuations in value, and are, therefore, considered riskier.

**Fixed Income Funds**

These funds invest primarily in the debt (e.g. Treasury bills, bonds or short-term notes) of corporations or governments, and are typically broken down into Money-Market Funds and Bond Funds. Mortgage Funds are also classified as Fixed Income Funds.

**Foreign investments**

Securities issued by non-Canadian companies.

**Gross rate of return**

Rate of return of a portfolio before deducting the Investment Management Fees.

**Guaranteed Funds**

These funds bear minimal risk and typically provide a lower rate of return over the long term.

**Income splitting**

A method of contributing on behalf of your spouse, whereby you can reduce your combined taxes after retirement. If your spouse is in a lower income tax bracket, the retirement income received in your spouse's name will be taxed at your spouse's lower rate.

**Income trust**

Investment trust that holds assets which are steady income producing, such as real estate and natural resource trusts. The main attraction of income trusts is their ability to generate constant cash flows for investors.

**Index fund**

A fund which provides the investor with the opportunity to participate in the return of a broad selection of investment securities. The fund aims to generate a return, which closely tracks the performance of a specified securities index.

**Inflation**

The term used to describe rising prices of goods and services within an economy, usually measured as the annualized increase in the Consumer Price Index (CPI).

**Interfund transfer**

A transfer of assets from your current investment fund(s) to other fund(s) available under your group program.

**Investment instructions**

Allocation of your contributions (new deposits) among the various investment funds offered under your group program.

**Life Income Fund (LIF)**

A type of RRIF, subject to pension legislation, under which the owner of the LIF must withdraw, each year, a minimum amount up to a maximum amount as prescribed by pension legislation.

**Liquidity**

The ease with which an asset can be quickly bought or sold without adversely affecting its price.

**Locked-in funds**

These are funds originating from a pension plan which cannot be cashed-out and must be used at retirement to provide a lifetime retirement income.

**Locked-in RRSP**

A type of RRSP where the funds are subject to pension legislation. These funds must be used to purchase a life annuity or be transferred to a LIF by the end of the year during which the owner of the Locked-In RRSP reaches age 71, at the latest.

**Market-Related Funds**

These funds may invest in a variety of publicly traded securities (e.g. Treasury bills, bonds, stocks), depending on the specific investment objectives of each fund. Your investments in Market-Related Funds are not guaranteed.

**Market value**

The value at a particular date, assuming the investment is being sold.

**Maturity date**

The date a certificate or bond matures.

**Non-Registered Savings Plan**

Registered tax-favoured retirement plans like RRSPs and pension plans offer employees a basic foundation for future income security – within limits. The Non-Registered Savings Plan (NRSP) is designed for “excess” contributions... that is, the amounts above and beyond government RRSP and pension limits. This plan lacks the tax-sheltering associated with registered plans, but retains many of the same product features as its registered counterpart.

**Old Age Security (OAS)**

A monthly pension paid to Canadians age 65 or over.

**Pension adjustment**

An amount that reduces the allowable contribution limit to an RRSP based on the benefits earned from the employee’s pension plan or a deferred profit sharing plan.

**Personalized Rate of Return (PRR)**

Represents the performance of your retirement savings over a selected period of time, taking into account the timing of your contributions. The performance of both guaranteed and market-related funds is included in this measure. While the PRR is calculated for each of your accounts and plans, the Consolidated PRR indicates the performance of your total holdings.

**Portability**

The legislated right to transfer vested and locked-in benefits to another registered retirement plan when the member leaves the employer’s service.

**Portfolio**

The holdings of securities by an individual or an institution.

**Quebec Pension Plan (QPP)**

A government plan that provides benefits to workers and their families in the event of retirement, disability or death. QPP applies in Quebec and is similar to the CPP.

**Rate of return**

The investment gains (or losses) that an investor earns from an investment divided by the initial amount invested. This can come from dividends paid on shares, interest paid on bonds, or capital gains or losses due to market appreciation or depreciation.

**Registered Pension Plan (RPP)**

A formal arrangement where an employer contributes to the retirement income of employees.

**Registered Retirement Income Fund (RRIF)**

Monies accumulated in an RRSP are used to purchase a RRIF that allows flexibility in the amount of money being paid out as retirement income.

**Registered Retirement Savings Plan (RRSP)**

A registered vehicle that allows investors to defer current income taxes while saving for retirement.

**Reinvestment instructions**

Instructions that indicate where your maturing guaranteed funds will be reinvested.

**Socially Responsible Investment (SRI)**

Refers to the integration of environmental, social, and governance (ESG) factors into the investment decision-making process. It encompasses corporate engagement and dialogue, proxy voting, the use of exclusionary screens to eliminate specific types of companies (e.g. tobacco), and the deployment of ESG metrics to assess both the sustainability of companies and to improve investment performance.

**Spousal RRSP**

An RRSP owned by one spouse, but with contributions (and tax deductions) linked to the other spouse. Also see Income splitting.

**Stock**

Equity in a corporation. When one invests in a stock, one is buying a share of the company.

**Tax-Free Savings Account (TFSA)**

An investment vehicle that allows individuals to save money and benefit from a tax-free environment on the earnings generated and on withdrawals.

**Unit value**

The total market value of an investment fund divided by the number of units outstanding.

**Valuation day**

The day at which an investment fund is valued. A fund may be valued daily, weekly or monthly depending on the financial institution and the type of fund.

**Vesting**

The entitlement of a member to the pension rights prescribed under a retirement plan. This entitlement is often granted after a number of years of plan participation or service with the employer, and sometimes the attainment of a certain age.

**Volatility**

Describes the amount of market fluctuation witnessed in an investment fund; it also refers to the increased level of risk associated with an investment, especially stock market oriented investments.

**Yield**

See Rate of return.