



## SSQ Equity GIA: a simple and winning strategy

The SSQ Equity GIA is a simple product that combines a Guaranteed Interest Account (GIA) with a guaranteed compound interest rate and segregated funds with a 100% capital protection guarantee upon maturity (10-year term) or upon death of the annuitant.

### The SSQ Equity GIA offers:

- Guaranteed invested capital and minimum returns
- Unlimited potential returns
- The ability to redeem at any time

**This turnkey product, with its 10-year investment term, makes life simpler for you and your clients. But in the current economic climate, is it a good idea to invest in a 10-year GIA ?**

### Should you wait for interest rates to rise?



Since a sudden rise in interest rates would be beneficial to many investors, it's tempting to think that an increase is just around the corner. That's why so many have decided to invest in the shorter term, hoping that rates will go up by renewal time. However, in the current economic climate, people's patience is beginning to wear thin. Is this really a winning strategy?

To shed some light on this question, we can compare current GIA rates with the chartered banks' historic GIC rates.

Let's take a concrete example. In order to maximize the chances of reaching the financial goals you've set, two strategies are available for the next 10 years. You can choose between:

**Strategy 1:** Invest in a 10-year GIA at 3.0%.

**Strategy 2:** Invest in a 5-year GIA at 2.0% and then renew at an unknown rate of X%.

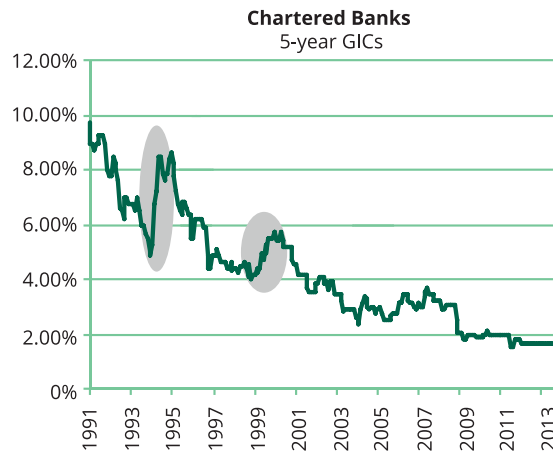
**If you opted for Strategy 2, at what rate would you have to renew the 5-year GIA so that you do not regret eliminating Strategy 1 (which offers 3% over 10 years)?** You would have to renew the 5-year GIA at **4.01%** for both strategies to be equivalent. That means a 2.01% interest rate increase over 5 years.

Is such a large increase realistic ?

With the SSQ Equity GIA, you can combine the security of guaranteed investments with the return potential of the stock market for a minimum investment of just \$5,000.

As you can see from the following graph, rates for 5-year GICs offered by Canada's leading chartered banks are currently at an all-time low. In fact, a 2.0% increase in interest rates over a 5-year period happened only twice in the past 23 years. The first time was in 1994, when the Canadian government embarked on a major program of fiscal consolidation and the unemployment rate nationwide was around 12%; the second was in 1999, when the U.S. economy recorded a sharp increase in output and productivity.

Both situations are very different from what we're experiencing today. So what do the next five years have in store? It's hard to say, but **past experience shows that such an increase in interest rates is rather unusual.**



Source: Statistics Canada, Table 176-0043

## High-performance segregated funds designed to boost return potential

**The SSQ Equity GIA is more than just a 10-year GIA—it also contains guaranteed segregated funds that could significantly boost returns over a 10-year period.**

A total of 10 funds are available with the SSQ Equity GIA. Investors can select one or more of these funds as they see fit; the mix can also be changed whenever they like. Please keep the following in mind when selecting funds:

- As with any investment portfolio, it's advisable to seek the right amount of diversification. A combination of Canadian, U.S. and international equities is a good way to reach this goal.
- The selection of funds should be re-evaluated periodically, depending on the investment horizon and the investor's profile.

**The SSQ Celestia Aggressive GIF** is another attractive choice since it is very well diversified, thanks in part to alternative investments. It will, however, slightly increase the fixed-income portion of the portfolio.

A bond fund is also available to help protect the portfolio's gains as the investment approaches maturity.

The available options include seven actively managed funds selected to offer value-added potential.

## 10 Guaranteed investment funds (GIF) available with the SSQ Equity GIA

Fiera Capital Bond	Fiera Capital U.S. Equity
Celestia Aggressive	BlackRock U.S. Index
Jarislowsky Fraser Ltd. Canadian Value Equity	C WorldWide International Equity
Triasima Canadian Equity	BlackRock International Index
BlackRock Canadian Index	Fiera Capital Global Equity

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