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# FINANCIAL LITERACY



## The Far-Reaching Impact of Financial Literacy

**N**ovember is Financial Literacy Month in Canada. This month's designation reminds us of the importance of prompting initiative and provoking discussions about financial literacy, but efforts to improve financial literacy should be a priority every day.

My work in the area of economic and financial education began some 40 years ago when the focus was on making more financial education for youth available in schools. Over time, things started to improve and space was often set aside in the math curriculum reflecting the notion that learning about money was largely about numbers — calculating, balancing, and compounding them.

Things have changed dramatically. The correlation between financial health, mental health, and well-being is now widely recognized. Financial education now goes far beyond just concern for expenses and picking the right credit card; it reaches into our values,

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**Helping people to manage their financial lives effectively and achieve financial health will have an impact far beyond our ability to calculate it.**  
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our needs and wants, our goals, what makes us happy. It's also about how we stay in control of our lives and avoid the anxieties and stress of over-indebtedness and feeling our spending is out of control.

Most Canadians want the future to be different for their kids than the past. Many want their own lives to be different and are seeking ways to educate themselves. Even more are advocating for financial education in our schools while many more are looking for ways to help others.

There was much to celebrate this Financial Literacy Month and there is much more to get excited about for next year. Virtually all of the provinces are assigning financial education a higher priority and increasing the time allocated to it in the curriculum. More organizations and institutions are recognizing

that Canadians of all ages need help to stay in control of their financial lives. There are now efforts to assist newcomers, seniors, those at an economic disadvantage, those with special needs, and more.

Many organizations, supported by a variety of funding partners, are now engaged in the challenge of improving financial literacy and capability. We are making progress. Canada placed second in the world in the last financial literacy testing done by the OECD in Paris.

Participate in Financial Literacy Month. Speak with your kids about money, teach students about money in your classrooms, organize workshops in the workplace for employees, and share learnings with newcomers or in seniors' residences. Helping people to manage their financial lives effectively and achieve financial health will have an impact far beyond our ability to calculate it. It can make a real difference in the health and happiness of individuals and families — and that's something we should be working at every day we can.

*Gary Rabbior is President of the Canadian Foundation for Economic Education (CFEE), a charitable, non-profit, non-partisan organization working to improve economic and financial capability.*

Learn more about CFE's **Money and Youth** guide and the **Talk With Our Kids About Money** program at [moneyandyouth.com](http://moneyandyouth.com) and [talkwithourkidsaboutmoney.com](http://talkwithourkidsaboutmoney.com).

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# Your Mind, Body, and Wallet: More Connected Than You Think

A recent Equifax survey found the average person is carrying more than \$23,000 of non-mortgage debt. As consumer debt continues to rise, so too can the negative impacts of debt on your physical and mental health including high blood pressure<sup>1</sup>, anxiety and depression<sup>2</sup>, and higher incidences of divorce<sup>3</sup>

**P**hysical, mental, and financial health are a closely connected network with each pillar having a direct impact on the other. Poor health can affect our ability to work and earn a living, and can strain our finances. Similarly, dealing with serious financial problems stresses our physical health and emotional well-being.

Over the past few decades, an increasing number of Canadian employers and insurers have been providing mental and physical health support to employees through group benefits packages and employee assistance programs (EAPs). Today, many of these packages include financial planning services and financial literacy tools.

“Employers and insurers are recognizing that these three aspects need to work together in order to have employees who are productive and engaged at work,” says Joan Weir, Director of Health and Disability Policy at the Canadian Life and Health Insurance Association (CLHIA). “Financial issues can be brought into the workplace through stress, lost productivity, and absenteeism. Employers are more aware today that they have a responsibility towards their employees’ financial wellness, as well as their physical and mental wellness.”

“As a leading provider of life and health insurance, we understand the impact mental health issues in the workplace can have on overall well-being,” says Jeff Macoun, President and Chief Operating Officer, Canada at Great-West Life. “The Great-West Life Centre for Mental Health in the Workplace was created to

provide Canadians with free health and wellness resources, including strategies and tools for improving psychological health and safety in the workplace.”

The key to keeping all three health and wellness pillars strong is planning — whether you’re just starting in the workforce, a salaried employee receiving workplace benefits, a new entrepreneur, or close to retirement. Here are three important steps you can take towards planning for your physical, mental, and financial health needs.

### 1. Set targeted goals

Getting physically fit, managing stress, or growing your money all starts with setting targeted goals — achievements that are specific, measurable, achievable, realistic, and time-bound. “Targeted goals will set you up for more success and give you more focus in achieving your goals,” says Mandy King, a holistic nutritionist, fitness advocate, and corporate wellness consultant. “If a goal isn’t specific or measurable, you

For free practical tools and resources on the prevention, intervention, and management of workplace mental health issues, visit [workplacestrategiesformentalhealth.com](http://workplacestrategiesformentalhealth.com).



Employers and insurers are recognizing that these three aspects need to work together in order to have employees who are productive and engaged at work.



To learn about investment strategies to reach your financial goals and how to make the most of your group plan, visit [smartpathnow.com](http://smartpathnow.com).



<sup>1</sup> [www.ncbi.nlm.nih.gov/pmc/articles/PMC3718010/](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3718010/)

<sup>2</sup> [onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2012.02519.x/abstract](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2012.02519.x/abstract)

<sup>3</sup> [onlinelibrary.wiley.com/doi/abs/10.1111/j.1741-3729.2012.00715.x](http://onlinelibrary.wiley.com/doi/abs/10.1111/j.1741-3729.2012.00715.x)

## Your Financial, Physical, and Mental Health are All Connected

PERSONAL FINANCES HAVE AN IMPACT ON HEALTH:

**26%**

of people in **poor health** describe their financial situation as excellent or very good, compared to

**59%**

of those in **excellent or very good health**.



Kate\_sept2004/Getty Images

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Former Canadian Football the pote  
League linebacker and Canadian finances  
Men's Health Foundation cham-One ele  
pion, Shea Emry, agrees, adding a robust  
that it's important to start with cover yo  
small steps: “A lot of people try to should y  
jump in by saying they're going need to p  
to go on a strict diet, drink only expense  
juice, and do yoga seven days are repair on  
week, but that's not realistic,” new car.  
he says. “It's better to make their health  
decision to do something small  
today and just commit to that  
one activity seven days a week.”

Targeted goals are equally  
important in financial plan-  
ning. “A big part of the planning  
process is focusing on the  
achievable,” says Greg Glista,  
an Oakville-based financial  
advisor. “When I sit down with a  
client whose goal is retirement,  
we look at projections so they  
can choose a path to their goal  
that is realistic and achievable.  
We also visit the plan regularly,  
and course correct as necessary  
so they know what it takes to  
become comfortably retired  
and, more importantly, to stay  
comfortably retired.”

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**2. Develop good habits**

You're more likely to achieve your goals by developing good health habits and sticking to them, regardless of how a situation might change. Meditation, relaxation, and getting enough sleep are good mental health habits that have a lasting effect in the long run, as are proper eating and exercise. "When you're not mentally healthy because you haven't exercised or eaten properly you're in this constant cycle of hesitation, indecision, and procrastination," says Emry. "When you cultivate healthy lifestyle habits, you eliminate that question mark, make decisions faster, and handle those daily stresses much better."

In our financial lives, good habits — like tracking our income and expenses, spending less than we earn, and saving regularly — are not only essential for reaching our financial goals, they also help reduce mental stress. "There are simple things people can do through good habits and self-discipline, like setting up an RESP for \$50 a month for their kids," says Glista. "Once people get into that habit, it's amazing how much of the pressure comes off their shoulders."

**3. Prepare for the unexpected**

Life doesn't always go as planned. The loss of a job, a large, unforeseen expense, the death of a family member, if you've a serious illness can take a toll on all aspects of our health and well-being. Having a contingency plan helps to ease the potential burden on our finances should disaster strike. One element of that plan is adding a robust emergency fund to cover your basic expenses should you lose your job or need to pay for an unexpected expense like a costly home repair or the purchase of a new car. Another key element is health insurance.

Even small things can add up over time. "It's not that you're saving a week," says Glista, "it's the equal parts of financial planning on the long term." Glista, a financial advisor, says that with a retirement plan, so they can reach their goal. "Regularly taking necessary steps to stay



Are you physically, emotionally, and financially prepared for a critical illness in your family? Take the quiz at [criticaluncovered.ca](http://criticaluncovered.ca).



A lot of people try to jump in by saying they're going to go on a strict diet, drink only juice, and do yoga seven days a week, but that's not realistic.



Skynesher/Getty Images

There are two main types of health insurance — short-term critical illness insurance and long-term disability insurance. Critical illness insurance pays a tax-free lump-sum payment if the policyholder is diagnosed with an illness covered by that policy. "It gives people the confidence of knowing that their financial plan isn't demolished if they have a health hiccup and end up on the sofa recuperating for four months," says Glista. Long-term disability insurance provides a tax-free monthly income should a person be unable to work as a result of a serious illness or injury. "Everybody should make sure they've applied for the maximum long-term disability benefit that their plan will allow."

In addition, "A relatively inexpensive term life insurance policy is paramount to reduce stress for you and your family," says Glista. Many employers offer automatic coverage with additional optional coverage through their group benefits plan. If this is not available to you, you may want to consider additional personal coverage.

**It begins with a single step**

Setting targeted goals, developing good habits, and planning for the unexpected to take care of our physical, mental, and financial health are all wise investments of our time. Sometimes the greatest challenge is getting started, especially for people with financial problems, but as Glista notes: "We see that as soon as people take a step towards creating a plan, the energy and empowerment of that makes them feel like they're taking control, and I think that resonates back to their mental and physical health."

Anne Papmehl

**5 Simple Steps to Improve Your Overall Wellness**



**INCREASE YOUR WATER INTAKE**

How hydrated you are affects your mood and helps you feel more rested. Use an app to track your intake and add citrus or cucumbers to enhance the taste of your water.



**GO FOR A WALK**

Take the stairs or walk with friends on your lunchbreak. People who walk regularly can reduce their bad mental health days by over 10 percent.



**SLOW DOWN**

Meditation has been shown to reduce the sense of loneliness and reduce the risk of heart disease, depression, Alzheimer's, and premature death. Start with 10 minutes a day in a quiet place and be kind to yourself if you lose focus.



**GET YOUR REST**

Sleeping less than the recommended seven to eight hours a night has been linked to excess body weight, increased risk for cardiovascular disease, and type 2 diabetes. Set yourself up for success by keeping TVs, phones, and tablets out of the bedroom, and having a sleep/wake schedule on weekdays and weekends.



**TALK TO AN ADVISOR**

Reduce the stress of getting your finances in order by talking to a financial advisor. Canadians who work with an advisor have, on average, four times more investable assets than those without one.



**Joan Weir**  
Director, Health & Disability Policy, Canadian Life and Health Insurance Association



**Greg Glista**  
Financial Advisor, Cornwall Wealth Management Group Inc.



**Jeff Macoun**  
President & COO, Canada, Great-West Life



**Mandy King**  
Holistic Nutritionist & Founder, HEAL



**Shea Emry**  
Former CFL linebacker, Canadian Men's Health Foundation Champion & Founder, Wellmen

**86%**

of people who've lived with mental health problems say their **financial situation** made their mental health problems **worse**.

**72%**

of people who've lived with mental health problems say their **mental health** problems made their financial situation worse.

Mental health problems are **3x** **HIGHER** among people who **have debt**.

Employees with **high financial stress** are **2x** as likely to report **poor health** overall and are more than **4x** as likely to complain of **headaches, depression, or other ailments**.

People who report **symptoms of depression** also report experiencing **3x** as many chronic physical conditions as the general population. Conversely, people with **chronic physical** conditions are **2x** as likely to experience a mood or anxiety disorder than those without one.

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# The Top Four Benefits of ETF Investing



**Jeff Weniger, CFA**  
Asset Allocation Strategist,  
WisdomTree Asset Management Inc.

**W**hether or not you're new to the world of investing, it's a good bet that you've heard of ETFs. Exchange-traded funds are a basket of securities that track a particular index and trade on an exchange. Over the last decade, they've garnered a lot of attention and praise from financial experts and amateur investors alike — and for good reason.

Thanks to a variety of factors like cost and transparency, ETFs are offering real competition to traditional stocks and bonds, and most notably, to mutual funds, the investment they most resemble. Jeff Weniger is a CFA charterholder and Asset Allocation Strategist for WisdomTree Asset Management, Inc, a global provider of exchange-traded funds. Here, he shares what he believes are the four main benefits of ETFs.

## 1 Intraday liquidity

"The development of ETFs came about for a few reasons, but one of the main ones was a demand from investors for intraday liquidity to a basket of securities, which you couldn't have with a mutual fund structure," he says. The mutual fund structure meant the price of the fund wasn't set until the end of the day, at 4 pm Eastern Standard Time, posing a major issue for investors who were exposed to the fluctuations of price movement that could occur between the decision to trade and the actual execution.

## 2 Tax implications

Though taxes can be a major downside of mutual funds, the opposite is true for ETFs. "An ETF is more tax-friendly because investors are on the hook for their own tax liabilities, whereas sometimes with mutual funds, current holders actually have to pay the tax incurred from

money made by prior investors," Weniger says.

## 3 Transparency

"Another issue with mutual funds is that they don't have full transparency," he says. "You could invest in a mutual fund and not actually know what you own because mutual fund holdings are usually released on a quarterly basis. However, because ETFs are traded on an exchange and holdings are published daily, you can go to the fund's website and see immediately what exact holdings make up the fund and how it's doing right down to the penny."

## 4 Lower fees

Due to generally lower management expense ratios (MERs), ETFs usually cost less to manage than other investments, explains Weniger. "These lower fees have been a complete game changer in money management. The ETF market has been taking over

globally. There's not a year that goes by where ETFs have not chipped into the market share of the mutual fund industry."

It's clear why Weniger is so passionate about ETFs. "I think for all of us at WisdomTree, we believe in what we're doing. We help save our clients a lot of money," he says. This dedication to working with a client-first approach is a popular approach as the industry continues to grow. "It's one of those things where it's nice to wake up and realize that you're confident in what you're doing for a living and that you're providing a service that helps people."

WisdomTree's innovations don't just stop with their client experience; they also offer a Modern Alpha™ ETF methodology that provides a thoughtful, research-driven approach to managing ETFs. Talk to your financial advisor to see if a WisdomTree ETF is right for your portfolio.

*Sandra MacGregor*

Didier Weemaels/Unsplash



## Canadians Need to Get Passionate

# About ETF Diversification

**W**hile exchange-traded funds have become a hot topic in the world of investing over the last few years, an often-ignored issue is the importance of ensuring that your ETF portfolio is globally diverse. Many investors tend to emphasize domestic investments rather than balancing their portfolio with a solid, and more importantly, risk-reducing mix of both international and domestic securities.

### The issue with narrow, domestic approaches

According to Jeff Weniger, a lack of international diversification is an area of particular concern for Canadian investors. "Investors in many countries are biased toward their own nation's ETFs — it's what we call

a home country bias and it's a big issue," he says. "It's not unique to Canada, but the situation is more critical in Canada than in the US because of the size disparity between the two economies."

The lack of variety in domestic stocks mostly stems from the concentration of certain sectors in Canada's economy. In contrast, US stocks add up to almost half of the global total, while its economy is more diversified. "When Americans hold a portfolio heavily weighted in US stocks, being overexposed to the home country is not as big of a deal because they're actually not deviating too much from the recommended mix. However, Canadian stocks provide only three percent of the global mix, so investors have to be

more careful when thinking about how large their domestic stock allocations should be," Weniger says.

With 97 percent of the value of global stocks listed outside of Canada, "global diversification is so vital for Canadians — if they don't diversify, they're missing out on a massive percentage of investment options," he says. "We find that many Canadians are holding 60 to 70 percent Canadian stock, which is way off from what a global mix should look like."

### Widen your scope

Making matters worse is the fact that Canadian investors tend to favour three investment sectors, which puts their portfolio at even more risk. "There's a specific bias in the stock market that is heavily

influenced by basic materials, energy, and financials at the expense of all the other sectors. These three sectors account for about three-quarters of the whole market," says Weniger.

The home country bias is dangerous because it leaves Canadian investors at risk of a hit to their portfolios if the national economy goes into a downswing. "Canada has an economy that's very exposed to things that may be out of its control — like the oil price — much more so than others," he says. "Because of the peculiarities of the Canadian economy, global diversification can be a much more difficult concept for Canadians to fully appreciate because the Toronto Stock Exchange is a smaller, more concentrated stock market than many others."

In fact, the Canadian dollar is also a much more volatile currency than many may think as it may experience a boon during economic good times, but then steeply decline during the bad times. "The small Canadian stock market and volatile currency double the threat to a portfolio because your stocks are going down and your purchasing power is declining. These kinds of dangers are why globalization is critical," he says.

### Consider a new approach to ETF investing

Although building a diversified portfolio may seem distinctly unpatriotic, we shouldn't be too hard on ourselves. "It's an interesting quirk with Canadians, because the lack of diversity is not due to nationalism," says Weniger. "People like to see the names of familiar companies in their portfolio — Canadians know companies like Canadian Tire and TD and don't necessarily know the Japanese equivalents of those corporations."

This lack of familiarity with international foreign companies, as well as Canada's relatively small national investment landscape, highlights the very reason why it's important to reach out to the experts to ensure you're properly diversified. Consult your financial advisor to learn more about WisdomTree's suite of products. The company is the world's 13th largest ETF provider and was among the first to pioneer a smart beta rules-based approach to ETF investing.

*Sandra MacGregor*

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# HOW LOW FEES AND CONVENIENCE ARE PAVING THE WAY FOR THE FUTURE OF FINANCIAL PLANNING

*Navid Boostani, Founder and CEO of one of Canada's leading robo-advisors, ModernAdvisor, challenges you to evaluate if you're getting the most out of your current financial services*

**Mediaplanet** *What propelled you towards creating ModernAdvisor?*

**Navid Boostani** Canadians pay some of the highest investment fees in the developed world. These fees are not fully transparent to clients and often the advice is biased. We started ModernAdvisor to offer Canadians a better investing experience at a lower cost and with higher transparency.

**MP** *What is a robo-advisor?*

**NB** Robo-advisors are online investment advisors that offer a more modern investing experience. As an online advisor, ModernAdvisor uses technology to streamline the account opening and investment management processes to reduce client costs.

**MP** *Robo-advisors are fairly new in the industry—are they safe?*

**NB** Yes they are. At ModernAdvisor we use a large third-party financial institution to hold client accounts. Each client account is held in their name and client funds are protected under the Canadian Investor Protection Fund up to one million dollars.

**MP** *How can robo-advisors be part of an individual's personal finance team?*

**NB** Robo-advisors offer investment guidance for a specific goal and are a great complement to your existing financial planner. For many people,



**Navid Boostani**  
Founder & CEO,  
ModernAdvisor

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Even if you need a financial planner, it's often more cost effective to work with one on an hourly basis while a robo-advisor manages your investments.”



their investments are just one piece of their financial puzzle. A financial planner can help with other areas such as tax planning, budgeting, debt repayment, insurance, and retirement planning. Dozens of financial planners across Canada use ModernAdvisor to manage their clients' investments.

**MP** *With ModernAdvisor, will I still be able to receive assistance from an advisor if I need additional support?*

**NB** Absolutely. We have licensed financial planners and investment advisors available through chat, email, and phone. For comprehensive financial planning, clients can work with one of ModernAdvisor's in-house Certified Financial Planners, or work with an independent financial planner on our advisor platform.

**MP** *What is one thing investors should consider when looking at their financial plan?*

**NB** Pay attention to the total fees you are paying. We show people what they are paying so they can decide if they are getting good value for their money. Even if you need a financial planner, it's often more cost effective to work with one on an hourly basis while a robo-advisor manages your investments.

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If you are interested in working with ModernAdvisor, mention promo code **FinLitMonth18** to get \$500 in management fee or financial planning credits when you open an account with ModernAdvisor.\*

\*Some conditions apply



**Kelley Keehn**  
Author & Personal  
Finance Educator

## MANAGING YOUR PERSONAL FINANCES WITH KELLEY KEEHN

*Mediaplanet spoke with Kelley Keehn, author, personal finance educator, and consumer advocate for the Financial Planning Standards Council about how readers can develop a financial fitness plan to save big*

**1 Weigh in.** Just like getting in shape physically, you have to be real with yourself and figure out where you stand. The same is with your finances. Open your credit card statements, know your interest rates. What are the details of your mortgage? Do you have an employee matching program? What's in your RRSP and TFSA?

**2 Count your financial calories.** Whether you're earning \$50,000 a year or \$250,000 a year, if you're blowing every cent you're bringing in, you can't build wealth. Track your spending with your family and see where you can trim the fat. It's not about sacrifice, it's about choice and awareness. But you have to see where it's going. Then, you can decide where you consciously, mindfully want it to go whether it be it for savings, debt repayment, or a vacation.

**3 Build a team.** Lastly, if you're serious about your health, you're likely thinking about getting a personal trainer, nutritionist, or shopping for a new family doctor. In the same way, you don't need to suffer alone with your finances. A CFP can help you every with every stage of your life. Find one at **FindYourPlanner.ca**. You'll also find lots of resources at **FinancialPlanningForCanadians.ca**.

it's better to have  
invested and lost  
—  
than never to have  
invested at all.

Said no one ever.



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# Be Confident In Your Investments With Private Mortgages

**A**s mortgage qualification rules in Canada become more stringent, and home prices and interest rates continue to rise, an increasing number of Canadians and corporations that do not qualify for bank loans for commercial, development, or residential properties are turning to private lenders. Many are gaining ground with contractors and developers who are looking for multi-million-dollar mortgages to support new construction projects.

For investors, the increasing demand for private mortgage lending presents an exciting opportunity. With markets in disarray, private investors are seeking alternatives to traditional investment tools such as stocks and bonds, where their principal is regularly affected by the market. Many are working with lenders who help borrowers finance their mortgages. Investing in a mortgage with a private lender presents an opportunity to invest a large amount of capital with a fairly low risk that is secured by property, while receiving steady monthly cash flow.

## Healthy returns

"I know exactly the amount I'm going to receive each and every month," says one investor who uses TriLend, a private mortgage funding company. "I feel like I have more control over my income."

While private lending doesn't come with a guarantee on returns, it's considered a safer bet than traditional investment vehicles, where the principal invested is often reduced or lost entirely. This is especially true in markets like the GTA, where there's a large, growing population and high demand for housing.

"I feel more secure with this type of investment than

I do with any other," says another investor. "I don't know what's going to happen in the markets, but with a mortgage investment, I know I'll get my fees each and every month." The returns can vary from lender to lender, but with TriLend investors can expect a minimum seven percent return on their investment.

Many investors are seeking short-term returns, citing market instability as a cause for concern when considering long-

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**Many investors are seeking short-term returns, citing market instability as a cause for concern when considering long-term investments.**

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term investments. For those investors, private mortgages can be a good option. "As far as I'm concerned, the current market and the overall economy is risky, and changes can happen from one day to the next," says one investor. "That's why I prefer short-term investments."

Investors with TriLend can expect a healthier-than-average monthly return in a short period: anywhere from six to 24 months — but typically 12 months — with a fixed interest rate. All mortgages are registered in the investor's name for added confidence.

## Transparency and education, guaranteed

Working with a private mortgage investment company is also a much safer bet than

attempting private investing on your own, or with a mortgage brokerage or lawyer, explains another investor. TriLend doesn't just vet the deals they administer, they also adjudicate and remit monthly payments, at no expense to the investor.

"We've waded into private mortgage investing on our own, and it was confusing and, frankly, a bit scary," the investor comments. "I didn't know the steps we could take to safeguard our investment before working with TriLend. We feel very secure about our investments now."

A good lending firm will educate you on your investment, provide details, and be transparent about the process. "They explain everything diligently," one investor says. "They go the extra step to ensure you understand the details of your particular investment and provide a 360-degree customer service experience."

Private lenders are going to play an increasingly important role to keep capital flowing in the real estate market as banks tighten the reins and as interest rates continue to rise. "I would usually be hesitant to recommend an investment opportunity to my friends and family," one investor adds, "but I would definitely direct them to TriLend."

If you have the funds and are looking for alternative investment options, this avenue might be right for you. Contact TriLend today and start earning monthly returns on your investment in private mortgages.

Melissa Vekil

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