



THE POWER OF PACs

The power of what?

A PAC is a pre-authorized contribution. That is money that comes straight from your bank account to your investment account—and it's an important tool to support your financial plan. The right dollar amount and transfer frequency depend on your current situation, goals and investment type. Your advisor can help with these decisions.

Why set one up? Consider the convenience factor. You don't need to remember to contribute more frequently—it just happens automatically. Not only does this make investing easier, it helps you stick to your financial plan. Whether saving for a home, car, retirement, education or whatever's important to you, pre-authorized contributions can help you stay on track. Plus, if you're a long-term investor, with dollar cost averaging on your side, you're taking advantage of market volatility.

Can you spare some change?

Increasing your pre-authorized contribution by what may seem like a small amount can make a big difference in the long run. In the chart below, you'll see the long-term effect of a one-time monthly increase of \$30—or about one more dollar per day. That's less than a daily cup of coffee! Keep in mind, this chart shows a one-time monthly increase of \$30. Imagine the potential if you made a small increase every year.

The impact of an extra dollar per day

20-year period



■ *\$70 Monthly ■ \$100 Monthly

Now let's look at how transfer frequency can affect growth. If you contribute to your investments monthly, consider contributing half of the amount every two weeks instead. Though it seems like a small difference, you'll be contributing more over the long-term, since there are 26 bi-weekly payments in a year, versus 12 monthly payments. Plus, by making more frequent deposits, you'll be better positioned for dollar-cost averaging.

Continuing where our example left off, the \$100 monthly contribution could be switched to \$50 every two weeks. The chart below compares the original \$70 monthly contribution versus a \$50 bi-weekly contribution, to show just how much of a difference these small changes could make.

The impact of switching to bi-weekly

20-year period



■ *\$70 Monthly ■ \$50 Bi-weekly

DO YOU CONTRIBUTE TO AN RRSP?

Avoid the annual rush by making your contribution in smaller increments.

Don't worry—if your tax advisor suggests it, you can always adjust your future deposits before the deadline.

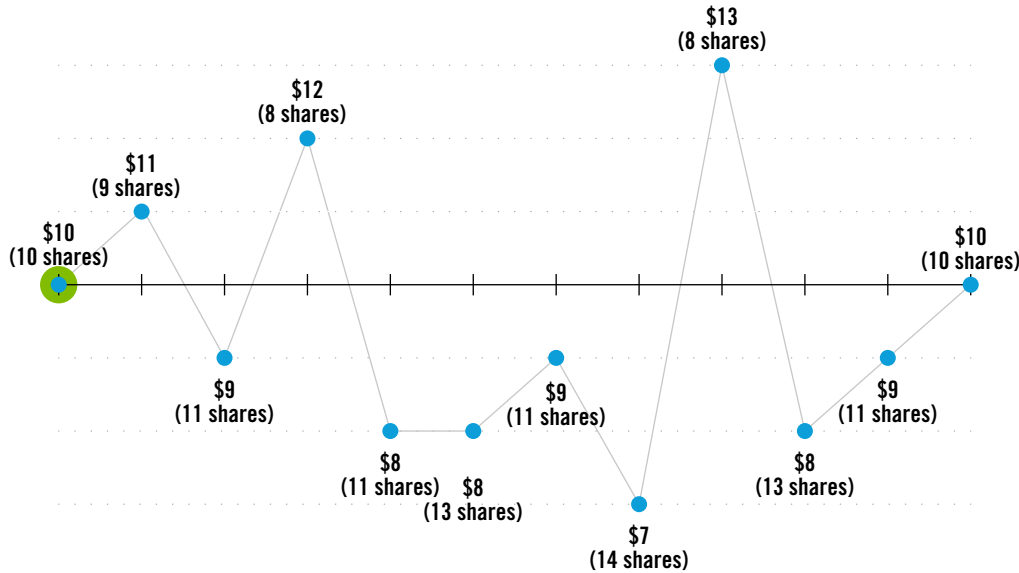
*Charts are for illustrative purposes only. Based on 6% rate of return, compounded annually. Your actual rate of return will vary based on your investment type(s).

Dollar Cost Averaging

A benefit of a pre-authorized contribution is that you're participating in Dollar Cost Averaging (DCA). Emotions can influence our investment decisions. Market ups and downs can cause us to buy high and sell low. How can we overcome this? Consistent investing through market ups and downs can result in buying more shares when prices are low and buying less shares when prices are high. This can mean a lower average cost per share over time.

Dollar Cost Averaging in action*

The chart below shows how DCA works. In this example, the client invests \$100 in a mutual fund each month for 12 months. Let's calculate whether DCA or investing in one Lump Sum is better for the client at the end of the 12 months.



In this example when share prices go up...

- Your investment value goes up
- You buy fewer shares

In this example when share prices go down...

- Your investment value goes down
- You buy more shares

- **Lump Sum:** A single investment of \$1,200 buys 120 shares at \$10/share.
- **DCA:** Monthly investments of \$100 for 12 months buys shares at various prices each month.

Who's the winner?

In the hypothetical example above, the dollar cost averaging strategy yielded a more favourable return at the end of the 12 months.

	TOTAL INVESTMENT	AVERAGE COST PER SHARE	TOTAL SHARES	CURRENT VALUE
Lump Sum	\$1,200	\$10.00	120	\$1,200
DCA	\$1,200	\$9.16	131	\$1,310

*Dollar Cost Averaging does not assure a profit or protect against loss in declining markets. Investors should consider their ability to make regular investments during all market conditions. This hypothetical example is for illustrative purposes only and does not represent any specific type of investment. This example does not include the impact of taxes, expenses or fees. Please see the simplified prospectus for further details on Dollar Cost Averaging.



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