



## The power of what?

A PAC is a pre-authorized contribution. Basically, you arrange for money to go straight from your bank account to your investment account at set periods of time—every payday, for example. How much you contribute (and how often) depends on your current situation, goals and the type of investment you hold. Your advisor can help with these decisions.

Why set one up? A PAC is the ultimate a set-it-and-forget-it strategy. You don't need to remember to contribute—it happens automatically. This makes investing easier and helps you stick with your financial plan. Whether you're saving for a home, a car, your retirement or your child's education, pre-authorized contributions can help you stay on track.

## Can you spare some change?

Increasing your pre-authorized contribution a little bit at a time 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 from \$70 to \$100—or about one more dollar per day. Keep in mind, this chart shows just a one-time monthly increase of \$30. Imagine the potential if you increase your contribution every year.

### The impact of an extra dollar per day

20-year period



■ \*\$70 Monthly   ■ \$100 Monthly

Now let's look at how **frequency** can affect growth. If you already contribute to your investments monthly, consider splitting the amount in half and contributing every two weeks instead. This way you'll be contributing more over the long-term, since there are 26 bi-weekly payments in a year versus 12 monthly payments.

Continuing where our example left off, let's say instead of a \$100 monthly contribution, you contribute \$50 every two weeks. The chart below shows the impact this small change can have over time.

### The impact of switching to bi-weekly contributions

20-year period



■ \*\$100 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.

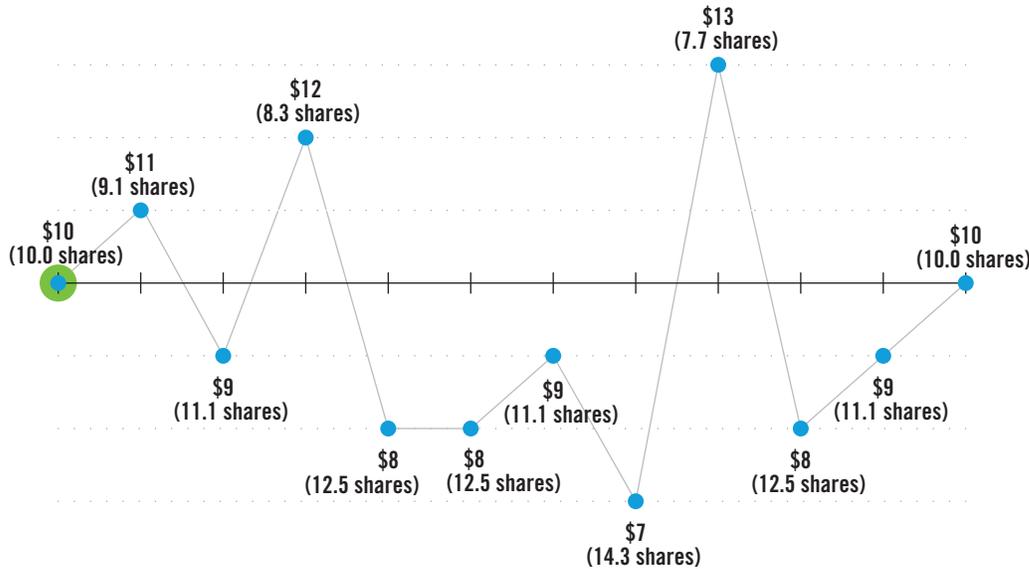
*\*Charts are for illustrative purposes only. Based on 6% rate of return, compounded annually. Your actual rate of return will vary based on your investments.*

## Dollar Cost Averaging

One of the great benefits of a running a PAC is it allows you to participate in Dollar Cost Averaging (DCA). Emotions can influence our investment decisions. Market ups and downs can cause us to buy high and sell low. PACs take emotions out of the equation. Investing consistently through market ups and downs results in buying more shares when prices are low and fewer 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 every month for 12 months. Let's see whether a monthly PAC or a single Lump Sum purchase is better for the client at the end of the first year.



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 12 months.

	TOTAL INVESTMENT	AVERAGE COST PER SHARE	TOTAL SHARES	CURRENT VALUE
Lump Sum	\$1,200	\$10.00	120.0	\$1,200
DCA	\$1,200	\$9.16	130.2	\$1,302

\*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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