



Family Finance

Are you sitting on your cash?  
If so, you may want to consider an alternative

Canadians entered 2010 sitting on a mountain of cash – about \$1 trillion to be exact. It’s largely held in savings accounts and GICs, and here’s the rub: all you can get on short-term savings is about 0.25% and on five-year deposits about 3.25%. It’s hard to make money at that rate. In fact, if you invested your money at 1% it would take 70 years to double and at 2% it would take 35 years to do so.

The returns get even worse when you deduct taxes and factor in inflation. In fact, you could actually end up losing money. If you’re sitting in cash, and you intend on leaving your money there for a long period – five years or more – you may want to talk to your advisor about the various fixed income, balanced or equity alternatives you can use. As the accompanying chart illustrates, GICs just won’t make you much money – if any.

