

Frequently Asked Questions

Investing in a time of COVID-19



1. I'm worried about losing a large portion of my savings. Should I sell some of my investments now, just in case? I can reinvest when the outlook improves.

You are not alone in how you feel. During turbulent times, the feeling of fear can cause people to overestimate the chance of losing their money. This could lead to the needless selling of assets at a loss. This is a well-researched phenomenon. Unfortunately, this tactic doesn't usually pay off. Markets do eventually recover and when they do, those who stay invested may benefit more than those who don't.

We caution against using fear as the basis for any investment decision. Instead, stay invested in a diversified portfolio that meets your needs. You can also use online tools to evaluate whether your portfolio continues to work for you or seek guidance from a professional advisor.

2. How long will it take for the market to return to normal? How does this market downturn compare to the financial crisis in 2008?

No one can predict how long or how deep this market downturn will be. As a reminder, the financial crisis of '08-'09 was the worst economic disaster in the U.S. since the great depression. And similar to now, fear during that time ran rampant. But this time feels different because the fear we are now experiencing goes far beyond the financial.

The International Monetary Fund acknowledges that this current recession could be worse than the one in '08-'09, but only time will tell if this turns out to be true. What we can learn is that all crises of the past felt similarly tough in the moment to endure, and yet came to an end, followed by a recovery.

3. Now that markets are down, is it a good time to invest?

Timing the market essentially requires the ability to predict the future. Nobody knows if the market has bottomed out yet – not even professional investment managers that are dedicated to monitoring the markets full-time.

If you are wondering if now is a good time to invest, first think about when you will need to use your money. If you are investing for the long-term, it matters less whether you choose to start investing now or a few months from now. What matters more is that you start – and stay invested in a diversified portfolio for the long-term.

4. I'm thinking of finding a financial advisor to help me out. How do I find one I can trust?

When seeking out a financial planner, look for one with the appropriate credentials such as 'Certified Financial Planner (CFP)', 'Personal Financial Planner (PFP)', Registered Financial Planner (RFP)' or 'Chartered Financial Consultant (CH.F.C.)'. Don't hesitate to ask how they are compensated and whether or not their compensation changes depending on their advice. You should also ask if their expertise covers institutional pooled investments that are available through your workplace program vs. retail mutual investments only. A trusted financial advisor would have no problems answering these types of questions.

The SMU Pension Committee offers an annual retirement planning session to those closer to retirement and a 1-hour consultation with Mercer for those that attend the session. This is a great way to learn more about your objectives and ask questions you may have on how to find an advisor you trust.

5. Where do I go to get up to date information on government relief efforts?

Both Canadian and provincial governments have put plans in place to offer relief to those who are in need. The government of Canada is updating their COVID-19 Economic Response Plan at the following link:

www.canada.ca/en/department-finance/economic-response-plan

6. I was planning to retire soon. Do I need to revisit my plan?

Most people nearing retirement should still consider themselves a long-term investor. If you are just about to retire, it will be important to take care of immediate cash needs. However, a large proportion of your remaining portfolio will still be a long-term investment and staying the course on your investments continues to be a prudent course of action for most people.

This is the right time to evaluate your risk level to ensure you have the appropriate level of growth assets because anyone retiring now, should still think in terms of decades with respect to their investments. At the same time, your investments should be reviewed to ensure there are sufficient low-risk investments to ensure you can withstand near-term market shocks and meet immediate spending needs.

7. Where do I go to learn more about investments and the tools available to me to plan for my retirement?

For more information, please call the Sun Life Customer Care Centre at 1-866-733-8612 or log on to your account at mysunlife.ca. Here you will have access to tools and other online support services.

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