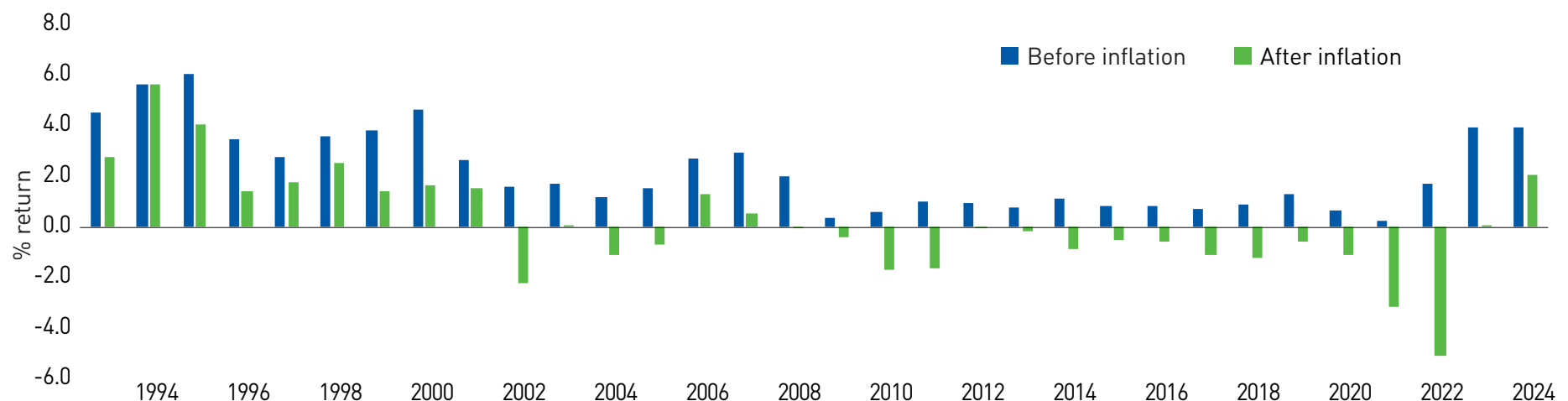


# The cost of capital protection

NEI

## Average 1-yr Canadian GIC



Source: Morningstar

### What this chart shows

You may be tempted to eliminate market risk altogether and invest your money in guaranteed investment certificates. At least you'll earn a small amount of interest, and you won't *lose* money, right? There's another factor to consider: inflation. After subtracting inflation, which reduces the purchasing power of your money, the average "real" return on a 1-year GIC was negative for 17 of the last 30 years. If you factor in taxes, this picture becomes yet more discouraging.

### The bottom line

Investing in the stock market carries the risk of losing money. But *not* investing in the stock market carries its own risk – the risk of failing to meet your goals because your returns were too low.

## About the chart

Data as of December 31, 2024. Inflation data sourced from Stats Can.  
Unlike mutual funds, the return and principal of a guaranteed investment certificate (GIC) is guaranteed.

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