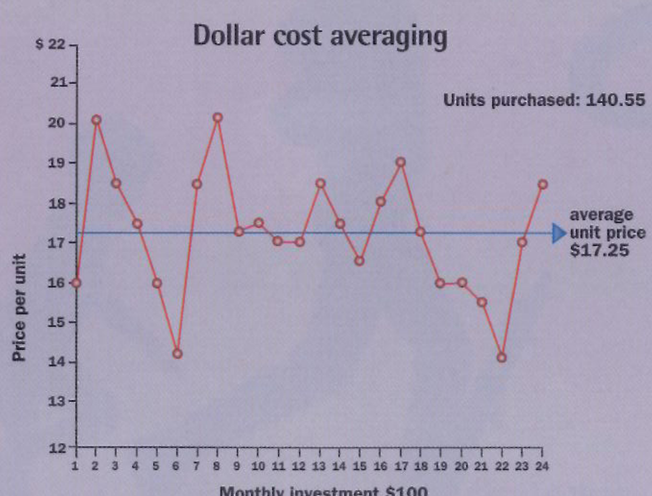
When is the **right time** to invest?

Some people invest in their RRSPs by making one contribution a year during RRSP season. What if the markets are high then? Your money buys less.

You can smooth out the highs and lows of the market by making regular, ongoing contributions throughout the year. This strategy is called dollar cost averaging. The simplest way to contribute is through payroll deductions.

Dollar cost averaging is an excellent way to minimize volatility and maximize returns. By purchasing the same dollar amount of investments on a regular basis, you buy more units when prices are low. Similarly, when prices are high, you'll be purchasing fewer units. Overall, you may reduce your average cost per unit over the long term and take the guessing out of when to invest.

The chart below demonstrates the fluctuations of unit values over two years. Let's assume an investor contributes $100 per month for two years. Take a look at the numbers to see how dollar cost averaging evens out the highs and lows of investing in the market.



In this hypothetical situation, the investor will make $411 on the contributions of $2,400 – a healthy 8.6 per cent annual return over two years.

- Average unit price: $17.25
- Total units purchased: 140.55
- Total value of units at the end of two years: $2,811
- Total dollar amount invested after two years: $2,400
- Total return to the investor: $411

The bottom line is, dollar cost averaging is one of the easiest and most effective ways to build wealth over time. Contact your plan administrator to have contributions deposited directly to your plan from your paycheque. ■