At-a-Glance: Segregated Funds vs. Mutual Funds

You want to grow and protect your hard earned savings by investing in a diversified fund lineup, you want easy access to your money, and you want to benefit from your money being professionally managed. We'll help you get there with this informative comparison chart on a couple investment options.

When considering retirement investment solutions, Canadians want growth, but they also want security. It's a surprise to many to learn that segregated funds — often overlooked — actually offer both.

At first glance, segregated funds resemble their mutual fund counterparts. Both contain a diversified portfolio of investments and offer professional money management, with easy access to your assets. But segregated funds have some unique features that can complement a diverse investment portfolio:

Principal protection

- Maturity guarantees[1]
- Death benefit guarantees[1]

Estate planning benefits

- The ability to bypass probate[2]

Resets

- Locked-in gains on your investment

Potential creditor protection

- Your segregated fund assets may be protected from creditors in the event of a bankruptcy, which is especially important if you are a business owner or self-employed[3]

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For those seeking growth potential with protection from market volatility, segregated funds are worth a look. To jump-start your research, below is a complete breakdown of both investment options.

Features	Segregated Funds[4]	Mutual Funds
Professional portfolio management	✓	✓
Ability to grow your money while diversifying risk	✓	✓
Liquidity: easy access to your money	✓	✓
Estate planning benefits: ability to bypass probate and keep financial affairs private	✓	Occasionally[2,5]
Potential creditor protection for registered accounts	✓	✓
Potential creditor protection for non-registered accounts	✓	
A guarantee of the principal (or a specified percentage) at maturity or death[1]	✓	
Locked-in gains on your investment using resets	✓	

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[1] Withdrawals reduce guarantees proportionately. Guarantees end at age 100.
[2] Probate fees and requirements vary by province.
[3] You should consult your legal and financial advisor about your individual circumstances.
[4] Segregated fund fees are higher than mutual fund fees as they include a management fee and an insurance fee component.
[5] Non-registered accounts with joint ownership and right of survivorship only (all provinces except Quebec). Registered accounts can bypass probate when a beneficiary is named.

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