



Canadians: 3 of the Best Ways to Invest for Retirement

Description

[Stock-picking](#) can lead to outsized gains, but research on [active versus passive](#) investing shows that most investors fail to outperform a simple [index fund](#) over long periods of time. Personally, I'm a big fan of using low-cost [exchange-traded funds, or ETFs](#) to create a retirement portfolio. In fact, I don't own a single individual stock. My entire nest egg is stashed in a mixture of ETFs.

The biggest advantage of passive investing for retirement using ETFs is the ability to stay hands-off and not worry. I might not beat the market, but I won't lose to it either. My portfolio's long-term performance will match the market's return (as long as I can keep bad investing habits like over-tinkering and panic-selling under control). If a low-cost, low effort method of investing for retirement is your goal, keep reading!

Buy the S&P/TSX 60

The **S&P/TSX 60 Index** is a market cap-weighted index of the largest TSX stocks, and it's often cited as a benchmark for Canadian stock market performance. It makes for a great passive investment to track the largest players in the Canadian stock market.

To invest in the S&P/TSX 60, you can buy the **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)). XIU is the oldest ETF in Canada, and it's very popular, with \$11 billion invested in it and a high volume traded daily. It will cost you an expense ratio of 0.20%, or \$20 per \$10,000 invested.

Buy the S&P 500

The **S&P 500 Index** is a market cap-weighted index that tracks the 500 large-cap stocks listed on U.S. exchanges. It spans the technology, healthcare, financials, communications, consumer staples, industrial, and energy sectors. It's often used as a benchmark for fund managers to compete against.

To invest in the S&P 500, you can buy the **BMO S&P 500 Index ETF** ([TSX:ZSP](#)). ZSP trades in Canadian dollars, alleviating the need to convert U.S. dollars and buy a U.S. listed ETF. Best of all,

ZSP is even cheaper than XIU is, with an expense ratio of just 0.09%.

Buy the world

Investors can also buy the stocks of international developed markets like Europe, Japan, and Australia, or international emerging markets like China, Africa, the Middle East, and South America. A great way to do this via a single ticker is with the **Vanguard All-Equity ETF Portfolio** ([TSX:VEQT](#)).

Investors who buy VEQT own a portfolio of 3,526 stocks covering the entire world's investable market, making it the ultimate passive investment. For an expense ratio of 0.24%, the fund manager re-balances the portfolio for you and pays out dividends. With VEQT, all you need to do is buy and hold!

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:VEQT (Vanguard All-Equity ETF Portfolio)
2. TSX:XIUI (iShares S&P/TSX 60 Index ETF)
3. TSX:ZSP (BMO S&P 500 Index ETF)

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