

Are there age restrictions on low fee mutual funds?

And how are those over 65 years old affected?



by Janet Gray
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Q. What are some low-fee mutual funds for the 65+ age group? What are the fees and are there any restrictions? – Carol K.

Thanks for this great question Carol.

The types of investments available have more to do with your timeline and your risk tolerance than your age. The rule has been that as you age you should have less equity and more fixed-income products. While generally that is still true, it really depends on what your total assets—including your portfolio of RRSPs, TFSAs, unregistered investments, etc.—are made up of.

Remember, your total portfolio will include investments but also your home and other assets, as well as company pension if you have one with your present or past employer.

Low-fee funds are available to any age group and the fees will depend on the financial product. Typically, index funds and Exchange Traded Funds (ETFs) will have the lowest fees but you can find lower-fee mutual funds as well with some providers but keep in mind that minimum investments required are fairly large: \$50,000 per account for Mawer, \$25,000 per account at Leith Wheeler, and \$10,000 per fund at Steadyhand (except for larger accounts).

You can buy these funds directly from the provider, without having to go through a discount brokerage. As well, the banks may also offer some lower fee funds (often labeled as D Class funds) but you need a discount brokerage account to access them.

As a general rule of thumb, the more active the trading is within a mutual fund, the higher the fees will be (especially in equity and specialty funds). I am not aware of any restrictions that there could be due to the age of the investor, as long as the investor is over 18 years old.