Educators FINANCIAL GROUP

Insights

WINTER 2018

More in-depth educator-specific financial tips, articles and resources are available at educatorsfinancialgroup.ca

DID YOU KNOW?

Put your Educators team to work for you: Financial Planners

In the Fall issue of Insights, we talked about how Educators has a team of financial professionals available to help you — and we specifically discussed the Contact Centre. In this issue, we'll talk about Educators' Financial Planners.

Educators' Financial Planners are your 'go-to' for in-depth information and assistance in your financial planning. Want to establish an investment portfolio that suits your risk tolerance, investment time horizon, and financial goals? Set up a plan that lets you take a 4 over 5 leave? Wondering about estate planning … or the financial implications of divorce? Our Financial Planners can help with these questions and more, and will meet you at your convenience, on your time.

"The issues we deal with often can't be covered on the phone or during a lunch hour. That's why I frequently go to a client's home, where they have the time and privacy for a thorough discussion", **says Educators Financial Planner Marian Ollila.**

Our Certified Financial Planners are accredited through the Financial Planning Standards Council of Canada, and one of their rigorous requirements is completing hours of continuing education yearly. A partial list of our Financial Planners' professional designations includes the Canadian Securities Course, Chartered Professional Accountants, Trust and Estate Practitioner, Registered Retirement Consultant, and Certified Divorce Financial Analyst.

And, as members of Educators Financial Group, they offer specialized knowledge of the financial needs of the education community.

You can find out more about how these dedicated professionals can help you here: educatorsfinancialgroup.ca/planners. Or give us a call at 1.800.263.9541

Brad Higginson, *Vice-President, Client Advisory Services,*
Educators Financial Group

CHUCK'S CORNER

What to do when interest rates rise.

Just when you've established an investment plan to reach your financial goals in today's economy… today's economy changes. Interest rates are on the rise. And that means that the value of fixed income investments will fall. If you have a balanced portfolio, these declines may be offset by gains in the equity markets. But if your investments are mostly in fixed income holdings, then it's time to review your risk tolerance and investment time horizon with an Educators Financial Advisor. We can provide you with additional solutions that are less sensitive to interest rate changes if volatility is a concern.

If you're invested in the Educators Mortgage and Income Fund or Bond Fund, as interest rates rise you may begin to see declines in their value. (educatorsfinancialgroup.ca/bonds) You can discuss alternatives to these investments with your Educators Financial Advisor. Other investments, such as Guaranteed Investment Certificates (GICs), High Interest Savings Accounts (HISAs), and Principal Protected Notes (PPNs), may be right for you. Each has its pros and cons, but are unlikely to generate a capital loss due to increases in interest rates. Our newly-launched Educators Monitored Conservative Portfolio would also be worth taking a look at. It includes investments selected by an Asset Allocation Manager and automatically rebalances its mix of investments — a big time-saver for busy education members like yourself.

You'll find lots more about your investment options in this issue of Insights. Please call us if you'd like to learn more.

Chuck Hamilton, *President and CEO,*
Educators Financial Group

PS: Have questions or suggestions on how we can do more for you? Email me at: chamilton@educatorsfinancialgroup.ca

The new Educators Monitored Portfolios — 4 pre-selected portfolios that rebalance automatically. Find out more, go to educatorsfinancialgroup.ca/monitored

PLANNING

2017 has proven the power of diversification.

For investors, 2017 was a year of change. Early on, we saw low oil prices, slow economic growth and concerns about U.S. protectionism; and then later saw increased confidence in Canada's economic prospects and rising interest rates. Good thing that changes in the market are more easily weathered for investors with diversified portfolios.

A diversified portfolio includes stocks, bonds, cash, and alternatives — each with its own risk and return profile. If a portfolio includes only one of these, it is subject to the pros and cons of that one particular investment. Having a mix of investments makes investing's costs and emotional ride more tolerable. *"Although it does not guarantee against loss, diversification is the most important means of reaching long-range financial goals while minimizing risk",* **says Educators Financial Planner Marian Ollila.**

Educators offers investors both the information they need to ensure their portfolio is diversified (educatorsfinancialgroup.ca/diversify), as well as the investment products.

Confused about what role different investments play in your portfolio? It's worth a talk. Call your Educators Financial Planner today.

One way to add diversification within a portfolio is with U.S. stocks or mutual funds. Consider Educators new U.S. Equity Fund — a restructuring of the pre-existing North American Diversified Fund — which now offers a pure U.S. fund. With holdings that include Verizon Communications Inc., Oracle Corp., and Parker Hannifin Corp, its value will flag initially because first numbers will include the previous Canadian portion, but it will update and adjust over time.

Would the U.S. Equity Fund add valuable diversification to your portfolio? Check it out today, at educatorsfinancialgroup.ca/USEquity

INVESTING

Do you need bonds, or bond funds? Or both?

Many investment experts advise holding bonds in your portfolio. **As Educators Financial Planner Lisa Raponi, says:** *"Bonds help offset potential downturns in stocks — their prices tend to rise when equity prices fall. They also provide income through their yields (which can be helpful to educators, who can face pension income gaps and/or salary disruptions)".*

But there are bonds and bond funds, and it pays to know the differences. You can find out more details in The Learning Centre, educatorsfinancialgroup.ca/bonds, but here are the basic differences:

Choosing investments — You choose an individual bond. A bond mutual fund is a collection of bonds chosen by a professional fund manager.

Risk — A bond's risk depends on the type of bond. Unless the issuer defaults, you'll get the face value of the bond back at maturity. With a bond fund, risk depends on the number and types of bonds held. Its value will change with its underlying investments – you could lose money.

Return — Whether held to maturity or sold beforehand, you can calculate your return on an individual bond. With a bond fund, you generally won't know how much you'll receive in any year, because the fund itself doesn't have a maturity date. Income fluctuates as the underlying investments change. Returns may be a combination of interest and capital gains.

Buying and selling — You can hold an individual bond to maturity or sell it beforehand (but the ability to sell will depend on the type of bond.) Bond funds can be bought or sold any time, but there may be a sales charge and commission.

Fees — Commissions are built into the price of an individual bond. With a bond fund, you are charged management fees and operating expenses (MERs).

Like all investments, you need to understand how they work and the role they play in a portfolio. Questions? That's what we're here for.

BORROWING

Renewing your mortgage? You're in control.

What rate are you paying on your mortgage? When is it up for renewal? What happens if you don't renew your mortgage? If the answers to these questions don't come quickly to mind, don't worry. You're not alone.

When it comes to their mortgages, Canadians are not the most proactive people. In fact, an Angus Reid survey, commissioned by ING Direct found that 40% of Canadians waited until 30 days or less before their closing date to apply for or be pre-approved for their mortgage.

Waiting for the last minute at renewal time also leaves little time to discover your options. Many banks send out mortgage renewal letters about 30 days before you need to commit. Furthermore, they typically offer their highest posted rate. That's a lot of money. On an average $200,000 mortgage with a five year fixed term, amortized over 25 years, a one per cent difference could save you roughly $10,000 in interest over that period (calculated using average current five year fixed rates of 4.24% vs 5.24%).

What to do?

As educators, this should sound familiar: know your subject. Know when your mortgage is up for renewal and do your homework beforehand. Or, work with a mortgage broker who will compare rates for you, like Educators Financial Group. Renewing your mortgage is a chance to save money, and you – not your mortgage provider – should be in control.

At Educators Financial Group, we have over 40 years of experience making sure education members get the mortgage that best suits their needs. Check out our article in The Learning Centre, *"Top 10 tips for getting the most out of your mortgage"*, educatorsfinancialgroup.ca/10MortgageTips, and call us today.

Consolidating debt to a secured line of credit with a rate as low as 3.70%* can help your monthly cash flow. Find out more, go to educatorsfinancialgroup.ca/LOC

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* Rates subject to change. Speak to an Agent-Regional Director for more details. Commissions, trailing commissions, management fees and expenses may all be associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.