



# Insights

SUMMER 2018

More in-depth educator-specific financial tips, articles and resources are available at [educatorsfinancialgroup.ca](http://educatorsfinancialgroup.ca)

## DID YOU KNOW?

### Your top 3 financial worries are solvable.

Taxes. Investing. Saving for retirement (a down payment, your kids' post-secondary education, etc.). Everyone worries about finances. But you can reduce that worry – and actually manage your finances – by becoming financially literate. At Educators Financial Group, we have the financial information you need.

We know that education members worry about 3 financial issues\* the most:

#### #1. Summer cash flow

Summers off can mean travelling, relaxing, renovating ... and higher expenses. No wonder 48% of you have cash flow problems then. We have practical suggestions to help, like paying less interest on your debt, or setting up a financial plan.

Check them out: [educatorsfinancialgroup.ca/top-3-challenges](http://educatorsfinancialgroup.ca/top-3-challenges).

#### #2. Will your pension be enough for retirement?

Maybe it's because so many educators retire early, but 47% of you think your pension won't be enough for retirement. Here's a tip – use Educators' online tools to assess how much you'll need: [educatorsfinancialgroup.ca/pension-income-gap-assessor](http://educatorsfinancialgroup.ca/pension-income-gap-assessor). Then talk to an Educators Financial Planner to set up your retirement savings plan.

#### #3. Taking advantage of a deferred salary plan

Taking a year off is a big perk of being an educator, but how do you plan

for it? Two ideas: set up a budget ([educatorsfinancialgroup.ca/budget-calculator](http://educatorsfinancialgroup.ca/budget-calculator)) or make saving automatic with a Pre-Authorized Contribution (PAC) plan.

The takeaway? The key to solving your financial worries – and achieving your goals – is knowledge, and Educators Financial Group is the best source of information and advice for education members. Sit down with one of our Financial Planners, visit the countless articles available online at The Learning Centre, and put Educators to work for you.

\*Results provided by Educators Financial Group "Financial Kickstart", 2016.

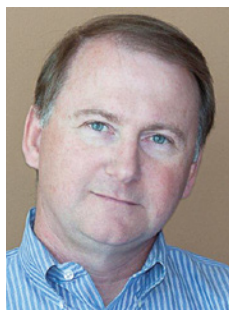
## CHUCK'S CORNER

### Our clients love this new product!

With over 40 years of serving education members under our belt, we understand the needs of education members. So when we launched our Educators Monitored Portfolios™ six months ago, we were pretty sure that they'd be a hit, because they offer two benefits important to educators like yourself: they

save time, and they save money. And we were right.

Monitored Portfolios give you a diversified portfolio of investments, selected by a professional Asset Allocation Manager



to reflect your investment profile (ranging from conservative to more growth-oriented). Your portfolio is monitored and automatically rebalanced to ensure its asset allocation stays on track. This kind of overseeing would take you countless hours ... IF you had the expertise and time. A professional Asset Allocation Manager can be costly, but you can invest in Monitored Portfolios for as little as \$50 a month. For educators with a thousand and one things to do with their money, it's an amazing value. No wonder our clients are talking about and investing in this new product.

To top it off, investing is convenient. With a Pre-Authorized Contribution (PAC) plan, you can automatically have your money transferred from your chequing account to your investment account.

Find out whether Educators Monitored Portfolios are right for you. You can learn more about them here [educatorsfinancialgroup.ca/monitored](http://educatorsfinancialgroup.ca/monitored), or speak to your Educators Financial Planner.

Cheers,

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](mailto:chamilton@educatorsfinancialgroup.ca)**

## Divorce can be painful. The cost can make it worse.

**T**oday, 4 out of 10 Canadian marriages end in divorce. It's a little like getting sick...you don't want to, and you don't plan on it, but it's a good idea to know what to expect should it happen.

**Educators Financial Advisor Nadeem Ibrahim** advises clients on the financial implications of getting divorced. *"The cost of a typical divorce can be substantial - from \$5,000 to \$100,000 - so getting professional advice is always a sound first step."*

The most common questions clients ask about the costs associated with a divorce are:

**What will a lawyer cost?** An uncontested divorce costs about \$1,353, and a contested divorce \$12,275\*. If you do hire a lawyer, do it early. **Nadeem says,** *"Obtain legal advice early, and know your rights and obligations before committing to any agreement. Getting a court to change an order can be an expensive and onerous undertaking."*

**How are assets divided?** The *Family Law Act (FLA)* of Ontario states that spouses ending their marriage are legally entitled to a division of the property amassed during the marriage. During a divorce, each spouse discloses the value of their assets and liabilities - the day they married, separated, and current to-date. To equalize the value of each spouse's net family property, one spouse may be required to pay the other an "equalization payment". A matrimonial home is handled differently. Learn more here: [educatorsfinancialgroup.ca/cost-divorce](http://educatorsfinancialgroup.ca/cost-divorce)

Getting divorced involves many questions. Speak to your Educators Financial Planner for more information.

\*Source: <https://ca.finance.yahoo.com/blogs/pay-day-/real-cost-divorce-canada-162656430.html?guccounter=1>

Are you financially ready for life "after school"? Take our Retirement Ready Pop Quiz to find out: [educatorsfinancialgroup.ca/RetirementReady](http://educatorsfinancialgroup.ca/RetirementReady)

## Yes, you can lower your investment costs.

**D**o you wish there were a way to lower your investment costs while minimizing the effects of market volatility on your portfolio? Well, good news. There is a way... it's called "dollar cost averaging."

Dollar cost averaging (DCA) occurs when you purchase investments for the same dollar amount, at regular intervals. Let's say you invest \$500/month, every month, in a particular stock. When that stock is at a lower price, the \$500 would buy more. The opposite is also true - when the stock is at a higher price, \$500 buys less. Because you've bought more at the lower price, the average cost of the stock is lower. If you are investing regularly - regardless of the state of the stock market - you avoid making rash moves during times of market volatility. Information about this and other benefits can be found here: [educatorsfinancialgroup.ca/DCA](http://educatorsfinancialgroup.ca/DCA).

**Educators Financial Planner Jamie Cote says,** *"Dollar cost averaging helps investors stay disciplined, and avoid the temptation to try to time the market. Forecasting is a dangerous game. Nobody really knows what's going to happen."*

Taking advantage of DCA is simple with a Pre-Authorized Contribution (PAC) at Educators Financial Group. With a PAC, you arrange for a set amount to be regularly deposited into your investment account directly from your chequing account. How much and how frequently is up to you. *"The amount is withdrawn automatically and regularly, so clients get used to the fact that the funds aren't in their chequing account. It's a painless way to invest," says Jamie.*

Find out more about PACs at [educatorsfinancialgroup.ca/what-is-pac](http://educatorsfinancialgroup.ca/what-is-pac)

To set up a PAC and take advantage of dollar cost averaging, call us: 1.800.263.9541

## Reducing homebuyers' "stress level".

**Y**ou thought stress was 30 students on a school trip! These days, "stress" means the new regulations which require you to qualify for the Bank of Canada's 5-year benchmark rate, or 2% above the rate offered by a lender - whichever is greater. A homebuyer who negotiates a mortgage for 3%, now has to prove he or she could cope if payments rose to 5%.

**According to Claudio Santamaria, Agent-Regional Director at Educators Financial Group,** *"The new rules mean buyers will be able to afford to borrow 20% less than under the previous rules. Put another way, they can afford 20% less home."*

There is a positive side to the new regulations - they reinforce the traditional importance of the financial basics: establish a savings plan you can stick with, and take advantage of the professional advice that's available to you.

*"One way to prevent settling for less home is to save more. Educators has proven strategies to boost your savings," says Claudio.* You can delay purchasing to give yourself more time to save. Set up and follow a budget. (Check out this tool: [educatorsfinancialgroup.ca/budget-calculator](http://educatorsfinancialgroup.ca/budget-calculator)). Or start investing automatically with a Pre-Authorized Contribution (PAC) plan.

The other basic? Get experienced assistance. Work with a lending specialist who knows mortgages and the market, works with a variety of lenders, and can negotiate the best deal for you. Educators' Accredited Mortgage Professionals have years of experience helping education members get the mortgages they need.

Learn more about the new stress test here [educatorsfinancialgroup.ca/mortgage-stress-test](http://educatorsfinancialgroup.ca/mortgage-stress-test) or by speaking to an Educators Regional Director.

Use our budget calculator to keep your summer spending on track! [educatorsfinancialgroup.ca/budget-calculator](http://educatorsfinancialgroup.ca/budget-calculator)