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DID YOU KNOW?

What makes an investment “Socially Responsible”?

Are you interested in Socially Responsible Investing (SRI)? You're not alone. *"Many of our clients today are asking for more information about SRI", says Educators' Melinda Nelson, CFP®, Regional Assistant Vice President. "This type of investment is screened based on a particular set of values, so investors can make choices that meet both their financial goals and personal values."*

One question often asked about SRI is, "How does an organization's funds become designated as 'Responsible Investments'?" To be designated as socially responsible, and to have their investments designated as SRI, organizations must commit to adopting and using six core principles established

by the United Nations. These Principles for Responsible Investment are meant to provide a worldwide standard for responsible investing as it relates to environmental, social and corporate governance (ESG) factors.

They are:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4. We will promote acceptance and implementation of the Principles within the investment industry.

5. We will work together to enhance our effectiveness in implementing the Principles.

6. We will each report on our activities and progress towards implementing the Principles.

Your Educators Financial Advisor can answer all your questions about SRI, including the options available at Educators. You can also visit The Learning Centre online for more information: educatorsfinancialgroup.ca/SRI-FAQ.

CHUCK'S CORNER

Saving should always be a priority.

It's a fact that saving can be a challenge. Maybe you just started out, or you're already stretching your paycheque to meet your mortgage payment and other major bills. And yet, the habit of saving is essential to meeting your goals, whether you want to build an emergency fund, enjoy a summer off, or save for retirement.



Education members who are parents have another big reason to save—their children's post-secondary education. Thank goodness for the Registered Education Savings Plan (RESP)! I used an RESP to save for my children's

education, and recently opened one for my granddaughter. Why am I a big fan? Because investments held inside an RESP can grow tax-free and the \$7,200 you can get through the Canada Education Savings Grant can really boost your savings.

Educators Financial Group makes opening and contributing to an RESP easy and convenient. You can speak with an Educators Financial Advisor about your investing style and time frame (there's more in this issue about the way time affects how you invest), and can choose from our wide selection of investments. We can set up a Pre-Authorized Contribution (PAC) plan for you, which lets you invest automatically—you choose how much and how often. We'll even help you transfer an existing RESP from another financial institution, by showing

you how to avoid paying extra tax and by covering the transfer-out fee.

Learn more about RESPs in The Learning Centre: educatorsfinancialgroup.ca/smart-resps. Let Educators help you make saving for your children's education—and all the other reasons you have to save—easier. Let's talk about RESPs today.



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

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

Need the money soon? You need the right tools.

Often, people will set up a plan to save for long-term objectives like retirement, but won't for short-term goals", says **Mike Cunningham, Educators Financial Planner**. "And yet, without a savings plan, reaching short-term goals like next year's renovation or taking a 4 over 5 can come down to pure luck."

Two great tools to boost short-term savings are a Pre-Authorized Contribution (PAC) plan and a Tax-Free Savings Account (TFSA).

A PAC takes funds you would most likely have spent if they remained in your chequing account, and invests them instead. You decide how much to invest and how often. Over longer periods, a PAC will result in "dollar cost averaging" and lower your investment costs (you can find more information here: educatorsfinancialgroup.ca/DCA). In addition, a PAC is ideal for short-term saving. For example, with a PAC, you wouldn't have to scramble to meet the Registered Retirement Savings Plan (RRSP) deadline in March!

A TFSA can boost your savings in two ways. Like an RRSP, interest earned inside a TFSA is not taxable. But unlike an RRSP, funds can be withdrawn without paying tax. The best investments for short-term goals through a TFSA include Guaranteed Investment Certificates, bonds, and cash; mutual funds are more appropriate for the long term.

The Financial Advisors at Educators can help you set up a savings plan to meet your goals. Speak to your Educators Financial Planner for more information.

Whether you have one year to save or twenty-five, we have the action plan to keep you on track: educatorsfinancialgroup.ca/financial-plan-in-motion

Timing is key to maximizing your RESP.

Your time horizon, or how long you have to invest, should be a primary consideration when investing. Unfortunately, when it comes to Registered Education Savings Plans (RESPs), some investors forget this rule of thumb.

"To maximize the growth of your RESP while ensuring the funds are there when you need them, your portfolio's asset allocation needs to be adjusted over time," says **Jamie Cote, Educators Financial Planner**.

Here's an **example** of how a portfolio would be adjusted:

- 12-17 years before needing the funds, you can afford to be more aggressive and have a higher percentage in equities.
- 6-11 years prior, the allocation would change to 60% equities / 40% fixed income funds.
- 1-5 years prior, consider a mix of 40% equities and 60% fixed income funds

An Educators Financial Advisor can advise you on the best way to maximize your RESP savings. Call us today at 1.800.263.9541.

Funds should be placed in securities such as high-interest savings accounts, short-term bonds or money market funds once the child starts their post-secondary education, as all the funds are usually withdrawn by the time the student receives their undergraduate degree.

Of course, this strategy is easiest to apply to an individual RESP. A family RESP, with more recipients and timelines, will be more complicated.

You can find out more about how to adjust your RESP asset allocation here: educatorsfinancialgroup.ca/resp-timing or check out educatorsfinancialgroup.ca/resps-need-to-know for all of the benefits of an RESP.

What you don't know about credit scores.

Most people know they need a good credit score to get a new credit card or a mortgage. Beyond that, well... their knowledge is often a little vague.

Understanding credit scores — and especially *your* credit score—is an important part of your financial literacy. The more you know, the better you can make this important financial tool work for you.

One thing to remember is that your income doesn't affect your score. (Good news if you're lower on the pay grid!) It isn't your *ability* to pay that's important—it's your *habit of paying*. Miss a minimum payment, and it could be on your record for six years! A higher credit card balance can also lower your score. For more details, see: educatorsfinancialgroup.ca/how-to-credit-score.

You should also be aware that a credit score and a credit report are different. It's like a report card. Your score is your overall grade, and the higher it is, the greater your chances of getting a loan. A report has the details that generated your score. A summary of your credit history, a credit report lists every instance of borrowing (like loans and credit cards), plus information like missed payments, collections, or bankruptcies. When you apply to borrow from an institution, a credit bureau checks your report to see if you can handle the debt.

Have a question about your credit score or need help managing your debt? Educators has the information, tools, and products you need. Get in touch with us today.

Find out how much you know about credit with our "credit literacy" quiz. educatorsfinancialgroup.ca/credit-literacy-quiz