Insights

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

DID YOU KNOW?

Educators is part of a global investing movement.

If you're interested in socially responsible investing, you're aware of Environmental, Social and Governance (ESG) criteria—standards used by socially conscious investors to screen potential investments.

The stupendous growth of ESG

ESG investing has come a long way since 2004, when the CEOs of 50 major financial institutions participated in a UN-led initiative to find ways to integrate ESG into capital markets. Today, thousands of professionals worldwide have the title of "ESG Analyst", and ESG investing is worth over $20 trillion in AUM (assets under management)*—about a quarter of all professionally-managed assets around the world.

"In the past, lower financial performance was often associated with companies that integrated ESG criteria into their standards. But that is no longer the case", **says Karen Hubbard, Educators Regional Assistant Vice-President.** *"ESG standards are much more prevalent in capital markets everywhere."*

Educators Financial Group shares these guidelines and values

We offer Socially Responsible Investment (SRI) options in the Canadian and Global Equities space, as well as in the Canadian Fixed Income category. In addition, the rigorous screening process for all our funds monitors for performance, value, and to ensure our clients get a diverse portfolio of quality investment options. Most of the funds we offer are also compliant under the United Nations Principles for Responsible Investment. For more information, go here: educatorsfinancialgroup.ca/SRI-matters.

Interested in socially responsible investing or ESG investing, and the options offered by Educators? Give us a call today at 1.800.263.9541.

*https://www.forbes.com/sites/georgkell/2018/07/11/the-remarkable-rise-of-esg/#55daae291695

CHUCK'S CORNER

Your New Year's Financial Resolutions

I love January. It's a chance to forget last year (so you didn't lose those ten pounds, or learn a new language … so what?), and develop new, better habits. Here are four resolutions for the New Year to help you make financial changes that can make a big difference.

The first resolution: take an annual financial inventory. (You may remember my talking about this in "5 Steps to Financial Peace of Mind" educators financialgroup.ca/5steps). It's easy—just add up your assets and subtract your liabilities for your net worth. Do it each year at the same time to see how you're progressing. (Bonus: do it in January and you'll be organized at tax time!)

Second resolution? Determine how much you're paying for credit card debt. Be prepared: it could be 19% or more! The good news is, you can reduce how much interest you're paying on your debt by consolidating with a low-rate line of credit. You could free up thousands a year to use in a savings plan (see below).

Your third resolution is to set a financial goal, and start a savings plan for it. Easier said than done? Let us show you how, starting with setting up a budget: educatorsfinancialgroup.ca/saving-step-by-step.

And finally, get organized. Put key deadlines, like your RRSP contribution, in your calendar. Print the charitable donation tax receipts off your computer before you start your taxes. Becoming organized financially is a habit. And resolutions are all about replacing old habits with new, better ones, right?

Happy New Year!

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

Do you have questions? We want to help. Call us at 1.800.263.9541 and let's talk about it!

PLANNING

Marriage, money, and what you're saying "I do" to.

A kiss on New Year's Eve. Splitting chores. The advantages of being married vary from couple to couple. But marriage's financial advantages—and challenges—are pretty much the same for everyone.

Pooling funds may keep you afloat, or get you in hot water. Being married can, indeed, save people money. A couple living together supports just one household and can pool funds towards common goals.

But finances can also cause major problems. *"Money can be a very rocky issue in a marriage",* **says Nadeem Ibrahim, Educators Senior Financial Advisor,** *"and even cause divorce. The key is to talk about it before—and after—you get married."*

Speak with an expert about how marriage can minimize your taxes. Married couples can transfer or combine personal tax credits like medical expense credits and others. Spousal RRSP contributions are also allowed.

Getting married can have financial drawbacks, too. If you lived in separate residences before marrying, you'll lose one principal residence exemption. Also, some benefits can be reduced when family income reaches a certain level. With a spouse, you might hit that threshold sooner.

Marriage affects estate planning, too. Capital property such as the matrimonial house, family cottage, or non-registered investments may be transferred between the married couple on a tax deferred basis. At Educators, we can help couples establish a budget, choose investments to meet your common goals, and more. You'll find a lot more on this subject here: educatorsfinancialgroup.ca/pre-marriage-talk.

Get help navigating the financial implications of marriage. Call 1.800.263.9541 and speak with a financial specialist.

INVESTING

RRSPs: why – and how – to start contributing now.

We get it. You're so busy right now, life is a blur. Between the job, family, and home, who has time for anything else? But trust us—when you finally retire you'll be thankful you took the time to learn about, and contribute to, a Registered Retirement Savings Plan (RRSP).

The longer you have, the more you can save. *"With RRSPs, time is truly on your side",* **says Darryl Martella, Educators Senior Financial Advisor,** *"You save faster because your investments grow tax-free. And if you contribute early in the year, you save even more."*

This chart shows how advantageous early contributions can be†:

Annual contribution	Total investment	Value at age 55
$1,500/yr*	$45,000	$118,587
$3,000/yr**	$45,000	$69,828

*From age 25 to 55. **From age 40 to 55.

"Okay", you say, "but where do I find the money?" It's surprisingly easy to save the $1,500 a year used in the example above. Switch your expensive latte to plain coffee (less calories, too.) Don't go to a bar—have friends over. Ask an Educators financial specialist about setting up a budget, or ways to increase your cash flow. (See "Is an LOC for you?" in this issue.)

We've got quick answers to education members' most common questions. When you open an RRSP, you may have questions like these: educatorsfinancialgroup.ca/RRSP-questions. You will also need to know how to combine your RRSP and OTPP to minimize your taxes. Thankfully, at Educators, we've been helping education members plan for retirement for years. Call us at 1.800.263.9541.

Do you have the right plan in place for your retirement? Take our pop quiz to find out educatorsfinancialgroup.ca/RetirementReady

BORROWING

Is an LOC for you? Maybe, maybe not.

Educators who are building their careers may have different types of debt. Credit cards. A mortgage. That student loan. But when they realize the interest rate they're paying ("I'm paying 28%???"), they want to pay less. Consolidating debt into one, low-rate line of credit (LOC) may be the answer, because one can save thousands of dollars a year. (Find out more: educatorsfinancialgroup.ca/why-pay-more-interest)

An LOC has other advantages, too. It's a pre-approved sum you can use whenever you need it, so it's the perfect emergency fund. But is an LOC right for you? These questions can help you decide:

Will a line of credit eliminate my debt? Unfortunately, no. Consolidating debt with a low-rate LOC will reduce the interest you pay… but your amount of debt will remain the same. **Educators Broker-Director of Lending Services, Amedeo Perfetto suggests:** *"Take the cash you've freed up from paying less interest and put it towards the debt each month."*

Will I still be able to use other credit cards? It happens. There's an emergency, and you have cards with no balance. So you use them, creating even more debt. The answer? Cut up your old cards, or hide them until your line of credit is paid.

What if my credit score is low? If you have a lot of debt, your credit score may be too low to get an approved LOC, or you may qualify for an amount that doesn't cover your debt. We can show you how to improve your credit score. (educatorsfinancialgroup.ca/better-credit).

Talk to an Educators lending specialist about the best way to manage your debt. We can help.

Call us today for borrowing advice that's tailored to your unique needs, from lines of credit and loans, to mortgages. 1.800.263.9541

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†Based on a 6% compound return assumption for a balanced portfolio (45% in fixed income and 55% in equity) – return based on 2011 Projection Assumption Standards of Institut québécois de planification financière.
Source: desjardins.com/ca/co-opme/action-plans-tips/savings-investment/advantages-making-early-rrsp-contributions/index.jsp