



Insights

FALL 2019

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

DID YOU KNOW?

At Educators, you get the highest standard of expertise.

You know the importance of trust—parents trust you to educate their children, every day. Educators Financial Group understands trust, too. *"It's about more than just money—it's our members' home, their kids' education, their retirement,"* says **Ben Manzo, Educators Vice-President, Client Advisory Services.**

One way your Client Advisory Services Team earns your trust is with ongoing, rigorous training that meets the highest industry standards.

As a result, *all* of Educators' Financial Advisors in the Contact Centre will soon

be able to give you more proactive, expert advice with the completion of their Personal Financial Planner (PFP®) course. Holders of the PFP from the Canadian Securities Institute are trained in all aspects of financial planning, including investments, and retirement, estate, and tax strategy planning.

Senior Financial Advisors will also have their Certified Financial Planner (CFP®) designation, ensuring all our Financial Advisors either have it or will soon have it. CFP is an internationally-recognized credential from FP Canada™. Holders provide advice on investments, taxes,

estates, retirement planning, and more. Each year, they must get 25 hours of continuing education and agree to abide by the CFP Code of Ethics, which includes a commitment to putting client interests first.

For more about how the experts at Educators are trained to help, please see educatorsfinancialgroup.ca/RegionalDirectors and educatorsfinancialgroup.ca/ContactCentre.

From pay grids to pension plans, the financial specialists at Educators have the expertise and training to help. Call one today at **1.800.263.9541**.

CHUCK'S CORNER

Being prepared in 2019 and beyond.

It's been five months of anxiety and speculation. When the government announced substantial cuts to education funding in March, Ontario educators wondered if they'd have a job this fall. The August 22nd announcement that the increase

to class sizes would be gradual was good news for some. Unfortunately, others are facing the reality of becoming 'surplus'.

Whichever scenario you find yourself in this fall, Educators Financial Group can provide practical and knowledgeable assistance.

If your job situation hasn't changed, congratulations! But—and I don't think this is being pessimistic—bear in mind that anything can happen. The best way for you to protect yourself financially is the old 'Boy Scouts' motto, "Be Prepared". Educators Financial Group has solid strategies you can start using today to cut costs, reduce your debt, and establish an emergency fund: educatorsfinancialgroup.ca/be-prepared. You'll find that being prepared will go a long way towards giving you peace of mind.

And if you have been laid off, Educators is here for you. We've developed a valuable new job toolkit, ITWORKS educatorsfinancialgroup.ca/ITWORKS. Its seven steps, from 'Information Gathering' to 'Success', feature effective financial tools and advice that have been proven in our years of working with education

members—plus useful information for your job search.

Remember, Educators Financial Group was established more than 40 years ago to help the education community with their financial needs. We're here for you.

Best wishes,

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



Planning for the unexpected... can it be done?

Students know how to prepare for scheduled exams—it's the *surprise* quizzes they find tough. The same applies to financial readiness. You've budgeted for regular expenses. But what about the unexpected, like your car breaking down, or even being laid off?

You need a plan in place *before* financial surprises hit.

A low-interest line of credit (LOC) is one way to free up cash. (Read about it in our 'BORROWING' article, or here: educatorsfinancialgroup.ca/secured-vs-unsecured-locs). Use it to consolidate your other, higher-interest debt and you can lower your monthly interest payments. But an LOC is still borrowed funds which you have to repay. An emergency fund, consisting of money you've saved, may be the better choice.

An emergency fund should equal several months' salary. **Brad Hemphill, Educators Senior Financial Advisor, says, "It may seem hard to build an emergency fund, at first. The key is to start now, and to start small."** Whether you save \$20 or \$250 a month, do it regularly. With a pre-authorized contribution plan (educatorsfinancialgroup.ca/what-is-pac), funds are transferred automatically at intervals you choose.

Hold the funds in a high-interest savings account within a Tax-Free Savings Account (TFSA). Investment income earned inside a TFSA isn't taxed, so savings can grow faster. And don't use a Registered Retirement Savings Plan (RRSP) as an emergency fund—withdrawals are counted as income and impact your taxes.

Get ahead of financial surprises. Speak to an Educators financial specialist today.

If the unexpected has already happened, help is close by. Call Educators at 1.800.263.9541.

<https://www.4pillars.ca/blog/how-does-credit-card-interest-work-canada>
<https://www.sunlife.ca/ca/Tools+and+Resources/Money+and+Finances/Managing+your+money/How+to+build+your+emergency+fund>

Update: SRI does not result in lower returns.

Many education members want to invest in a way that reflects their environmental, social, and governance (ESG) concerns. But they wonder if Socially Responsible Investing (SRI) will generate the returns they need for important things like a teacher's long retirement. After all, since fewer companies practice ESG, won't the reduced choice result in a lower return?

Research on SRI returns compares indices, mutual funds, hypothetical portfolios, and company performance. A lengthy study by a leading financial institution (updated in March 2019), compares many studies to date and concludes: *"The chief finding of this research is that socially responsible investing does not result in lower investment returns."* (More details here: educatorsfinancialgroup.ca/SRI-myth-busted)

The study goes on, however, to state that the question will never be settled completely, because: a) data can always be disputed; and b) there are ideological issues to be considered. Opponents of SRI believe that only financial factors affect a company's value, while advocates believe that investing practices that reflect their moral and personal beliefs will reap good returns.

"There can be many contributors to performance. The challenge for investors is to be aware of why they're investing in the first place, and act accordingly," says Karen Hubbard, Educators Regional Assistant Vice-President.

An Educators financial specialist can answer your questions about SRI and explain the options available to you. You can also read more at educatorsfinancialgroup.ca/new-SRIs.

Got FAQs on SRIs? Get more information here: educatorsfinancialgroup.ca/SRI-FAQ

<https://www.rbcgam.com/documents/en/articles/does-socially-responsible-investing-hurt-investment-returns.pdf>

A quick guide to borrowing money fast.

Years ago, people worked in one job their whole career. Today, education members know that jobs—and incomes—can change suddenly. If you ever need cash quickly, how you borrow should reflect how much you need, the time you'll take to repay, and the payment amount you can afford.

Some choices are:

- 1. A secured or unsecured line of credit (LOC):** This may charge lower interest than other types of debt. Borrow a set amount, use any of it, and repay what you use. **Educators Agent-Mortgage Specialist Federica Screnci says, "Many clients use an LOC as an emergency fund."** Caution: a secured LOC has interest-only minimum payments; pay more than the minimum, or the debt could become permanent.
- 2. A credit card:** With 19% interest, debt can increase quickly.
- 3. A term loan:** With its set term, there's no risk of letting the loan go on indefinitely.
- 4. A cash advance:** Applies on things such as your credit card or your chequing account's overdraft protection. Interest rates can be high.
- 5. A second mortgage:** Ask an Educators lending specialist about alternative residential mortgage solutions (educatorsfinancialgroup.ca/alt-borrowing).

Considering their heavy interest rates, it's best to avoid payday loans. Borrowing from relatives? Treat it the same way you would a loan from a financial institution—with all the details written down and signed by all parties. Not sure about your borrowing options? Educators can help, with products designed for the education community like our easy-application loan, plus one-on-one advice and online budgeting tools. Call us today.

How much do you really know about borrowing? Test yourself with our Credit Literacy Quiz! educatorsfinancialgroup.ca/credit-literacy-quiz

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