



Insights

WINTER 2020

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

DID YOU KNOW?

You should know how your financial advisor is paid.

Caveat emptor": let the buyer beware. It's always been good advice, and with all the scams around these days, it's more appropriate than ever. Whatever you're buying, it pays to be an educated consumer.

That includes the investments you buy.

Your investment portfolio is one of the most important ways you have of saving for your major goals. If you're making investment decisions with the advice of a financial advisor, there's something you should know.

How your advisor gets paid could affect you.

Did you know that financial advisors are paid in different ways? (You can read more,

here: <https://educatorsfinancialgroup.ca/learning-centre/financial-advisor-paid/>). If a financial advisor is paid by commission, mutual fund companies pay your advisor and the dealing firm they represent (also known as a dealer) for the services they provide you, the investor. In this case, it's fair to ask your advisor if they make more money recommending one investment over another.

Educators' financial advisors don't get commission.

At Educators Financial Group, our experienced financial advisors are paid by salary, not commission. *"Our clients can be confident that recommendations*

regarding their portfolio, or financial or retirement planning are based solely on their present and future needs, and not on how the advisor is paid", says Dan Martonfi, Regional Assistance Vice-President, Client Advisory Services.

Get unbiased, professional and knowledgeable advice on how to meet your financial goals. Give us a call today at 1.800.263.9541.

CHUCK'S CORNER

"The more things change..."

The French have a saying for it: "Plus ça change, plus c'est la même chose". Here it is, 2020. New year, new federal government (well, almost new) ... but same concerns for education members. Will there be a salary disruption? How long will it last? And how do you



prepare for one – or other financial emergencies, for that matter – if it happens?

My best advice? We've discussed being prepared before (see the Fall Issue of INSIGHTS, and this article: <https://educatorsfinancialgroup.ca/>

[be-prepared/](https://educatorsfinancialgroup.ca/)), but in a nutshell, I'd say: 1. Develop an emergency fund of several months' salary. A Tax-Free Savings Account is ideal for this, because interest earned inside it isn't taxed, and withdrawals are easy. 2. Work with a financial advisor who understands your unique financial issues. At Educators Financial Group, we've worked with the education community for over 40 years, and we have unique products like our Strike Loan. Our financial advisors in our Contact Centre are always there for you, and our Learning Centre has valuable, practical articles and online tools.

And finally – whether you're affected by a salary disruption, or not – increase your financial literacy. It's your money, which you've worked hard for. It's also your lifestyle, your retirement, what you can leave your loved ones, and more. Understanding

how your money works will give you more confidence to deal with all of life's emergencies and changes.

All the best to you in 2020!

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



Minimizing your taxes – today, and tomorrow.

You're probably thinking about taxes these days — the RRSP deadline is looming, and the CRA wants your tax return soon after. But the reality is, taxes should be top of mind for you *all year round*. Because there are things you can do *every day* to reduce your taxes this year, the next, and even into your retirement.

Right now...

Discuss your RRSP contribution with an Educators financial advisor. *"An education member's retirement income is complex," says Ahmed Rageh, Senior Financial Advisor. "Their OTPP and RRSP have to complement each other. At Educators, our experience with education members means we know what to do."*

Soon...

Well before April 30, understand the tax credits you're eligible for. (Here's a list: <https://www.educatorsfinancialgroup.ca/learning-centre/educator-specific-tax-credit-checklist/>). Gather the documents you need, and separate them into marked envelopes. This list for doing your taxes may also help: <https://turbotax.intuit.ca/tips/ready-to-do-your-taxes-this-checklist-will-help-1766>.

Tomorrow, and tomorrow, and tomorrow...

Get organized — file receipts and records of charitable donations right away. Increase your financial literacy (with articles in The Learning Centre). Talk to experts about tax-reduction strategies for today (which means more than maxing your RRSP contribution), as well as in retirement (when the *type* of investments you hold will be as important as *how much*).

You'll find that being informed, being organized, and getting professional expertise will go a long way towards reducing your taxes today, and tomorrow.

The financial advisors at Educators Financial Group are experienced with an educator's unique issues. Give us a call today at 1.800.263.9541

Make the most of your registered investments.

Registered investment plans have been around for a while. *"Most investors know the plans can help boost your savings", says Mike Cunningham, Certified Financial Planner professional, "But they're unclear on their investment limits."*

A Registered Retirement Savings Plan (RRSP) has a maximum contribution in 2019 of \$26,500 ... if you have no company pension plan. Those who have the OTPP/OMERS receive an annual pension adjustment (PA), reflecting your pension benefits. The CRA provides your lifetime unused RRSP contribution room on your NOA (notice of assessment).

A Tax-Free Savings Account's (TFSA) maximum annual contribution in 2019 is \$6,000. (Or \$63,500 if you're depositing for the first time, and were born in 1991 or earlier.) Learn about contributions, here: <https://educatorsfinancialgroup.ca/learning-centre/tfsa-master-class-lesson-2>.

The CRA's website will show your contribution limit: <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals>. Over-contributing could result in a hefty fine.

A Registered Education Savings Plan (RESP) has a maximum contribution of \$50,000 per beneficiary. However, only the first \$2,500 of a yearly contribution receives the 20% Canadian Education Savings Grant (CESG). You must contribute \$36,000 to receive the maximum lifetime CESG of \$7,200.

Your registered plans should reflect your investment objectives. Talk to an Educators financial advisor about how to choose investments that meet your needs. Ask about an Educators pre-authorized contribution (PAC) plan, for easy, automatic investing.

Can't find the money to invest? Learn how to save an additional \$500 a month!
<https://educatorsfinancialgroup.ca/learning-centre/5-tips-for-saving-500-a-month>

Will FTHBI help first time homebuyers? Maybe.

For education members who are first time homebuyers, September, 2019 saw more than new students. It saw the launch of Canada Mortgage and Housing Corporation's First Time Home Buyer's Incentive (FTHBI). Intended to reduce monthly mortgage payments without increasing down payments, the government will contribute to a down payment (5% for a resale home and 5% or 10% for new homes). Homebuyers repay the loan when the home is sold or in 25 years.

Who qualifies?

Originally, qualifications included a combined annual income of no higher than \$120,000, a minimum 5% down payment, and a Mortgage-to-Income Ratio of less than 4X. However, some surveys* showed this would not help in Canada's hottest markets. By mid-September, the Liberal government promised to change qualifications in Toronto, Vancouver and Victoria to minimum household incomes up to \$150,000 and mortgages + incentives up to 5X their income. According to Realtor.ca, this increased the FTHBI-compatible homes in the GTA by 241%.

It pays to educate yourself on all your financial options.

Some things to consider with a FTHBI: the repayment is 5% or 10% of the selling price. The approval process is longer than the standard mortgage (will the seller wait?). And legal and appraisal costs may be higher because two separate mortgages are needed. **Educators Agent-Mortgage Specialist Mara Rossi says, "If you want to reduce your monthly payment, go through the red tape, and share your home's equity with the government, the FTHBI works for you."**

Interested in the FTHBI? Talk to an Educators lending specialist today at 1.800.263.9541.

Figuring out your mortgage costs? This can really help:
<https://educatorsfinancialgroup.ca/mortgage-calculator/>

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* <https://dailyhive.com/vancouver/canada-first-time-homebuyers-incentive-information>
<https://www.ratespy.com/the-fthbi-becomes-more-useful-to-first-time-buyers-091210642>

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