



# Insights

SPRING 2020

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

## DID YOU KNOW?

### Renewing your mortgage? We have your back.

Today's homeowners know that buying a home and getting a mortgage is no piece of cake. But *renewing* your mortgage has challenges and questions, too. Do you need to renew with your existing lender? (*No, you do not.*) Do you have to pass a stress test again? (*Maybe not... but if you do, help is available.*)

*"There are two keys to successfully renewing your mortgage," says Chris Knoch, one of our lending specialists. "First, consider it your opportunity to ensure your mortgage meets your needs... so don't automatically take the first offer*

*from your lender. And second, work with trained, experienced professionals you can trust to have your best interests at heart."*

At Educators Financial Group, our lending specialists work with a variety of lenders for the right terms and rate for you (as opposed to a bank, which can only sell their own product). And our lending specialists at Educators are also Accredited Mortgage Professional (AMP), who must complete annual licensing courses covering ethical practice and responsibilities.

Furthermore, they know the unique financial situations that educators can face. We can also answer your questions about alternative means of lending. (<https://educatorsfinancialgroup.ca/learning-centre/outside-the-box-alternative-ways-to-borrow/>).

So, if you're worried about renewing your mortgage, talk to an Educators lending specialist today about what's involved. We've got your back. (Coming from another financial institution? We'll even cover the cost to transfer your maturing mortgage.) Call 1.800.263.9541.

## CHUCK'S CORNER

### Spring-cleaning — it's not just for your home.

Have you heard? Spring-cleaning (and decluttering specifically) is very trendy. A bestselling book says it will even "bring you joy"! Remember that this spring when you're washing, cleaning, and sorting old clothes for the donation bag. And while you're getting your home shipshape, remember — your finances can probably use some spring-cleaning, too.



Your budget — has it gone by the wayside lately? Between your year-end holiday bills and the job action, you may have used your credit more than usual. An Educators

financial specialist can provide you with strategies to help reduce your debt.

Your savings — are you able to put something each month towards your long-term goals, and to build up an emergency fund? Need some help? Educators has strategies (like consolidating your debt with a low-interest rate line of credit) which can mean more money in your pocket at the end of the month... money that can be put towards your savings or other goals.

Your mortgage — is it coming up for renewal, and do you understand your options? Too many homeowners renew with their original lender automatically, not realizing they could shop around for better terms and rates. (Remember, at Educators, our lending specialists

negotiate with different lenders. You can read about how this can help you in the "Did You Know" column.)

Scheduling a regular time to review your finances — in the spring, or other time of year — will help you make sure you're on track to meeting your goals. Now *that's* something that will 'bring you joy'!

Happy spring!

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](mailto:chamilton@educatorsfinancialgroup.ca)



## Thinking outside the OTPP box.

Retirement is one of the primary reasons Canadians save. Thank goodness for the OTPP, right? But the OTPP can't cover all the reasons you save — like adding to your retirement, buying a home, or your kids' education.

### It pays to be financially literate about saving beyond the OTPP.

A Registered Retirement Savings Plan can boost your retirement savings, while providing tax deductions and tax-deferred growth.

Maxed your RRSP? Consider a Tax-Free Savings Account. *"Interest or capital gains earned inside it is not taxed, and withdrawals are simple," says Franc Oliveri, Certified Financial Planner professional. "TFSA's are good for short and long term."* (Deciding between an RRSP or TFSA? Check out: <https://educatorsfinancialgroup.ca/learning-centre/answer-top-5-questions-asked-education-members/>).

Saving for a child's education? With the Registered Education Savings Plan, interest and capital gains earned are not taxed, and withdrawals are taxed in your child's name. And the Canada Education Savings Grant adds 20% of your contribution (up to a contribution of \$2,500 annually).

If you have a family member with disabilities, learn about Registered Disability Savings Plans (RDSP). A maximum of \$200,000 can be contributed, and interest earned in it is tax-deferred. Contributions may be eligible for a federal grant.

There's more to saving than registered plans. Discover what works for you <https://educatorsfinancialgroup.ca/beyond-the-otpp/>, or talk to an Educators financial specialist today.

Don't be caught short — there's more to saving than your OTPP. 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

## How your OTPP changes how you invest.

It's a rule of thumb: your investments should complement each other, and work together to reflect your financial goals, investment horizon, and tolerance for risk.

### The exception to that rule? Education members, and their OTPP.

*"The Ontario Teacher's Pension Plan website suggests that the pension, combined with the Canada Pension Plan and Old Age Security, usually provides enough money for a comfortable retirement," says Darryl Martella, Senior Financial Advisor, Educators Financial Group. "And many of our educator clients have told us this is the case."*

The OTPP will impact an educator's other investments in several ways. OTPP payments lower how much can be contributed to an RRSP. Once they've maxed their RRSP contribution, educators may have the funds to invest elsewhere, such as their Tax-Free Savings Account. (Even maxing that plan.) The type of investments they choose for their TFSA may also be affected — because the OTPP is so secure, investors may feel safer to choose investments with a higher degree of risk. (<https://educatorsfinancialgroup.ca/learning-centre/money-beyond-pay-grids-pension-income/>).

The OTPP is a major benefit of being an educational professional. But like all your finances, one benefits the most from it when it's understood. That includes how it can be integrated with other sources of retirement income. An Educators Financial Group financial advisor is familiar with the investment needs of the education community and the OTPP. We're always here to answer any of your financial questions. Call us today at 1.800.263.9541.

Take better control of your finances:  
<https://educatorsfinancialgroup.ca/learning-centre/pension-check-now-4-ways-take-better-control-finances/>

## Renewing a mortgage? Refresh your knowledge.

At Educators, we tell clients when renewing a mortgage to shop around. (See "Did You Know?" in this issue.) It seems the word is spreading: according to the 2018 Canada Mortgage and Housing Corporation's (CMHC) Residential Mortgage Industry Report, the number of Canadian mortgages refinanced by the same lender has decreased by 12%.

However, although homeowners are willing to change financial institutions, they're concerned and confused about whether transferring will mean having to pass the mortgage stress test (<https://educatorsfinancialgroup.ca/learning-centre/taking-the-mystery-and-the-test-out-of-the-mortgage-stress-test/>)... again. (If you renew with your existing lender, you don't typically need to retake it.) This is where it pays to deal with an expert, who understands both the stress test and your options. *"As of early 2018, a bank may require homeowners transferring a mortgage to pass the test again," says Amedeo Perfetto, Educators Financial Group Broker-Director. "Credit unions and other lenders — that are not federally-regulated — may choose not to do so."*

The lending specialists at Educators Financial Group work with many lenders, and know their requirements. If transferring makes financial sense for you, we will discuss your options — such as your ability to pass the stress test, if required — so you are fully informed. We know how to get the right mortgage for you.

Renewing your mortgage soon? Talk to an Educators lending specialist for advice based on first-hand experience of working with education members like yourself. Call us today at 1.800.263.9541.

Renewing your mortgage?  
Top 10 things to know:  
<https://educatorsfinancialgroup.ca/learning-centre/top-10-tips-getting-mortgage-renewal/>

## Educators Financial Group

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\* <https://www.canadianmortgagetrends.com/2020/01/are-changes-to-the-stress-test-qualifying-rate-coming/>

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