

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

DID YOU KNOW?

Investment strategies for your COVID-19 savings.

One unexpected pandemic side effect for many Canadians? Increased savings. In the 2nd quarter of 2020, the household savings rate hit 27.5%; and was 12.7% in the 4th quarter. (Compared to 1.4% in 2019!)

If your COVID-19 lifestyle resulted in unexpected savings, what should you do?

According to **Michail Tsirikos, Senior Financial Advisor**, the first step is to do nothing. Park the funds for a short time and think, *“Are the extra funds true savings, or merely a delayed expense? If a purchase was just put off, the money will still be spent.*

Put it in a high-interest savings account and wait.”

Next step is paying down debt. *“Paying down personal debt with double-digit interest rates – like credit cards – is one of the best investments you can make.”*

Also on the list are lines of credit, student loans or mortgages.

Next priority is your emergency fund. COVID-19 taught us the importance of having funds that can be accessed quickly and easily. Experts suggest you have 3 to 6 months’ of salary in your emergency fund. A pre-authorized contribution plan (PAC) can help

you save (www.educatorsfinancialgroup.ca/learning-centre/pre-authorized-contribution-plans/).

If you still have money to invest, consider maxing your Tax-Free Savings Account as it provides tax-free growth. Your RRSP may also be a tax-efficient way to save for your future.

Lastly, your pre-pandemic investment strategy may still be fine. However, if your risk tolerance and objectives have changed, or if you are considering a major life change such as retiring early, talk to an Educators Financial Advisor to ensure your portfolio still meets your needs. Call us today at **1.800.263.9541**.

CHUCK’S CORNER

Thank You!

At Educators, we’ve always known that what our clients do is special. But we think that the extraordinary dedication demonstrated by the education community since the pandemic began deserves extra recognition. Day after day – despite new and challenging working conditions, worrying about the health of your loved ones, and caring for your own children – you’ve continued to be there, doing your best for your students.



So here is a huge “Thanks” from us, to you.

Over the past year, some of you have come to us for help with financial issues and major financial decisions. Some are dealing with debt, and we’ve provided strategies to help – such as consolidating your debts to reduce your interest payments. Others found that their savings have increased, and have asked for advice on how to invest those savings to meet your financial goals. Some have asked whether they could afford to help their children buy a house during this hot market. (The Borrowing column in this issue has important information on this.)

And a great many of you have asked how retiring early would affect your retirement income (and found our Pension Income Gap Calculator www.educatorsfinancialgroup.ca/calculatepensiongap/ to be very helpful).

When you have important financial questions, knowledgeable advice from a trusted source is a must-have. Educators Financial Group has worked with the education community for over 45 years. If you need help, our qualified financial specialists are just a phone call away.

We’re here for you.



Chuck Hamilton, CEO and President,
Educators Financial Group

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



Can you, should you, would you retire early?

A Canadian Federation of Teachers survey conducted in Fall 2020, showed that 70% of the 1,500 teachers polled* were “very stressed, struggling to cope and increasingly feeling unhappy.” It’s perhaps no surprise that the last year has seen many educators wondering about the possibility of retiring earlier than they had planned.

“At Educators Financial Group, last year we talked to many clients who have decided to move up their retirement by one or two years, or even more,” says Caitlin Buchko, Educators Certified Financial Planner professional. “These clients have a lot to consider, but I ask them three key questions.”

1. Why are you leaving? Retirement is an emotional as well as a financial change, and is easier if you’re leaving for something (i.e., another job, a hobby, a volunteer position, time with the family...).
2. What will your costs be in retirement? This means understanding the lifestyle you want (travel? staying home?), as well as adding up ongoing costs like utilities, insurance, medical, food, internet, car, etc.
3. Will your retirement income cover your retirement costs? Our online Pension Income Gap Calculator will tell you how much you need to save in order to have the lifestyle you want in retirement.

At Educators, we’ve been helping the education community save for their ideal retirement for over 45 years. We have valuable information in The Learning Centre (www.educatorsfinancialgroup.ca/learning-centre/early-retirement-101-importance-of-being-financially-emotionally-ready/), and you can always talk to your Financial Advisor about your questions and retirement plans at 1.800.263.9541.

Wondering whether you're on track to retire? Our Pension Income Gap Calculator can quickly tell you: www.educatorsfinancialgroup.ca/calculatepensiongap/

*<https://theconversation.com/provinces-should-act-fast-to-avert-a-teacher-shortage-now-and-after-covid-19-154930>

Will the surge in ESG investing continue?

Interest in Environmental, Social, and Corporate Governance (ESG) investing has been rapidly increasing over the years. In 2020, Canadian investors poured \$2.2 billion into ESG-focused funds, making it the fastest growing year on record.

Why the increase? For one thing, many ESG funds performed better than most at the onset of the pandemic. According to Morningstar, from mid-February to mid-March, 2020, 66% of ESG funds ranked in the top half of their categories. (For more information see www.educatorsfinancialgroup.ca/sustainable-investing/.)

Another reason is more qualitative, says Franc Oliveri, Educators Certified Financial Planner professional.

“People are becoming more aware of the systemic risks our society faces, such as our rapidly changing climate, or social inequalities, and are incorporating this awareness into their investment decisions.”

Franc points to several reasons why the trend will continue. Companies that are Principles for Responsible Investment signatories must incorporate ESG considerations into at least 50% of their holdings of this year. Also, because more people want to know how companies are being responsible, businesses will need to be more transparent about their ESG risks.

One of the larger groups investing in ESG is the Millennials, whose interest rose from 84% in 2015 to 95% in 2020; higher than any other group of investors. With the Millennials inheriting billions of dollars over the next decade*, this is particularly pertinent to the future of ESG.

If you have questions about ESG investing, talk to one of our Financial Advisors today at 1.800.263.9541.

Need an intro on Socially Responsible Investing? We've got you covered: www.educatorsfinancialgroup.ca/SRI-FAQ

*<https://www.bnnbloomberg.ca/why-interest-in-esg-investing-is-set-to-explode-1.1567634>

Hot market, cold feet? Help for homebuying today.

Today’s real estate market has heads spinning. Who would think home resales would increase 13% during a pandemic? Whether you’re buying, refinancing a mortgage, or saving for a down payment, it’s a new ballgame.

Experts say that high demand and low supply will keep the housing market red-hot* in 2021. In addition, the increase in people working from home has driven up demand and prices outside of Toronto, like London (10% increase), Kitchener-Waterloo (7%), and Hamilton-Burlington (7%). (On another note, the urban-to-suburban movement means it’s a buyer’s market for small condos in downtown Toronto.)

Buying in a seller’s market requires professional help. Check out www.educatorsfinancialgroup.ca/learning-centre/home-buying-101-a-purchasers-guide-to-buying-in-a-sellers-market/ and talk to an Educators Mortgage Agent.

If you’re refinancing a mortgage – for equity, a lower rate, or to consolidate debt – today’s interest rates are a real plus. However, Mara Rossi, Educators Mortgage Agent, says there may be costs associated with refinancing, such as mortgage registration, property appraisals, and perhaps even prepayment penalties. *“You’ll also need to requalify, which could be an issue if your finances are shaky due to COVID-19,” says Mara.*

Read more on how COVID-19 affected home financing at www.educatorsfinancialgroup.ca/covid-19-and-home-financing/

If you’re confused about buying a home today, experienced advice is critical. Call an Educators Mortgage Agent today at 1.800.263.9541.

Know how much of a mortgage you can afford, with our online Mortgage Payment Calculator: www.educatorsfinancialgroup.ca/mortgage-calculator/

*<https://blog.remax.ca/canadian-housing-market-outlook/>

Educators Financial Group

2225 Sheppard Avenue East, Suite 1105, Toronto, ON M2J 5C2
Tel. 416.752.6843 or 1.800.263.9541 • educatorsfinancialgroup.ca

Brokerage license 12185

