

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

DID YOU KNOW?

It is possible to prepare for uncertain financial times ... and it's easier than you think.

Interest rate hikes. Inflation. Potential recession. Financially-speaking, it's been a dizzying year. Who can understand all the financial implications? Most of us know that the cost of groceries is going up, the cost of a home is going down¹, and it's getting harder to stretch that paycheque as far as it has to go.

Thankfully, Educators has the experience, strategies, and tools to help you prepare for uncertainty before it hits; as well make your money go further when it's here.

"There are financial basics which you can put in place before uncertain financial times hit, to help you ride them more comfortably," says Ed Gougeon, Senior Financial

Advisor. *"These include a financial plan (with goals, timelines, and strategies for saving); an emergency fund; and a portfolio that's diversified to minimize risk. At Educators, we can answer your questions about all of these...and more."*

But what can you do today? First, look at your budget and see if there's somewhere you can cut spending. Second, reduce your debt, especially high interest rate debt such as credit cards. Look at consolidating high interest rate debt into one, lower interest rate loan to increase your cash flow: www.educatorsfinancialgroup.ca/learning-centre/value-of-advice-paying-down-debt-building-savings/

Third (as mentioned in our INVESTING column), refrain from selling equities when the market is low.

One of the best things you can do is take advantage of the experienced and trained advice available to you. Before year-end is always an ideal time to evaluate your financial plan and portfolio; and today it's more important to do this than ever. An Educators financial advisor is here to answer all your questions and help.

Call us today at **1.800.263.9541**.

CHUCK'S CORNER

"Taking Stock" with Chuck: year-end deadlines not to be missed

New school year, new students ... fall is probably the busiest season for educators. It's easy for things to fall off the radar... but don't let those things be important financial matters! Here are some items you should take stock of – and

take action on – before December 31.

If you turned 71 in 2022, you must close your RRSP by year end. If you don't, you'll be taxed on the full amount! Most people convert their

RRSP into a RRIF or annuity. At Educators, we're experts on RRIFs and all your retirement income sources. Learn about RRIFs in The Learning Centre www.educatorsfinancialgroup.ca/learning-centre/learn-how-to-manage-a-registered-retirement-income-fund-rrif/

December 31 is important for RESPs, too. If you haven't made your full allowable RESP contribution in previous years, you can catch up (and max your CESG), but only one year at a time. Instead of contributing \$2,500 per child, you can contribute up to \$5,000 and obtain a CESG of \$1,000 rather than \$500. Also, if your child turned 15 in 2022 and has no RESP yet, start one before December 31 and you'll be eligible to receive the CESG for the years they turn 16 and 17.

And lastly, year end is a natural time to review your financial plan. If your net worth has gone up or down in the past two years ... if your goals have changed ... if you want a second opinion on assets held outside of Educators ... talk to an Educators financial advisor. Their professional accreditation and experience working with educators like yourself will help you keep on track to meet your goals. We're here for you.

Cheers!



Chuck Hamilton, President and CEO, Educators Financial Group

chamilton@educatorsfinancialgroup.ca





Your financial plan needs you!

Your financial plan is a roadmap. You have a destination – or a goal - to reach. And despite all the hoopla about self-driving cars, your trip requires your active participation and decision-making. It's raining ... do we stop for the night? There's an accident ahead ... can we get around it?

"Managing a financial plan means keeping on top of your progress. One way to do this is to allocate a timeline for goals," says Graham Walker, Certified Financial Planner professional. "For example, if your 5-year goal is to buy a home, one strategy is to set up a preauthorized contribution plan (PAC), to help you save regularly. Or look at GICs, which will let you know exactly how much you'll save in a given period."

Have a goal for 10 to 15 years (like saving for a child's education, or taking a 4 over 5)? Open an RESP, and set up a TFSA. For action plans based on time horizons, read this: www.educatorsfinancialgroup.ca/learning-centre/put-financial-plan-into-motion/

Although a common goal is retirement, managing your financial plan doesn't stop the day you convert your RRSP to a RRIF. You can manage your RRIF to ensure it works for you. Did you know that if you're 65 or older, up to half of RRIF withdrawals can be allocated to your spouse's annual income? In addition, you're allowed to use your spouse's age to calculate the minimum withdrawal. If your spouse is younger than you, this will reduce the amount taken out of the account and reduce the taxable income.

An Educators financial advisor can help you set up your financial plan and provide strategies to help you achieve your goals. Call us today at 1.800.263.9541.

Is your portfolio Recession-proof?

As an investor, you probably know this formula: Rising interest rates + Rising inflation = Recession. What you may not know is how to protect your portfolio during a recession.

"First, look at rebalancing your portfolio, which means reallocating back to your original allocation. That means selling investments that may be 'high' and moving to investments that have dropped," says Franc Oliveri, Certified Financial Planner professional.

Second, learn from it. When markets dipped in the past, did you make decisions based on your emotions? Ensure your portfolio reflects what you've learned about your tolerance for risk, so you're better able to avoid the negative impact of emotional investing. You can learn more about emotional investing here: www.educatorsfinancialgroup.ca/learning-centre/investing-you-and-your-emotions-here-are-the-issues

Stay invested (remember, portfolios historically recover after a recession). In fact, if financially feasible, buy. Choose investments that increase your portfolio's diversification, which spreads the risk across your portfolio (especially important during a recession).

Lastly, beef up your emergency fund. Having a few months' worth of living expenses will make it less likely you'll have to sell your investments.

Your Educators financial advisor can answer all your questions about how to protect your portfolio during a recession. Give us a call today.

Of interest: rising rates and housing costs

Experts agree: rising interest rates are cooling Canada's housing market. The question is, by how much? And when will it stop?

The Bank of Canada began hiking rates to combat inflation early 2022. One result has been home prices dropping – by September, prices recorded their sharpest five-month drop since 2009, and the national home price index had dropped 6%. In the GTA, the home price index declined nearly 16% from March to August, with some suburbs losing more than 20%.¹

With higher interest rates, borrowers pay more interest. Holders of variable rate mortgages see more of their mortgage payment go towards interest rather than principal. People with fixed-rate mortgages pay more monthly when they renew. Homeowners with a home equity LOC will immediately pay a higher interest rate.

"It's also harder for new buyers to qualify for a mortgage, because the mortgage stress test is harder," says Federica Scenci, Mortgage Specialist. "To qualify for a variable-rate mortgage of 4.35%, for example, borrowers would have to prove they could cover payments with an interest rate at 6.35%." Read about the stress test, here: www.educatorsfinancialgroup.ca/learning-centre/taking-the-mystery-and-the-test-out-of-the-mortgage-stress-test/

After a summer when sales fell below pre-pandemic levels in parts of Canada, realtors may hope the market has reached bottom. But economists say prices could continue downward until 2023. How far? Some say 15%², some as low as 25%¹. For now, it's wait and see. Questions? Reach out to an Educators lending specialist today!

How much will you need to save for a child's education? Find out now: www.educatorsfinancialgroup.ca/resp-calculator/

Want to keep better track of where your money goes? Begin with a budget: www.educatorsfinancialgroup.ca/budget-calculator/

Find out how much of a mortgage you can afford: www.educatorsfinancialgroup.ca/mortgage-calculator/

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

1. <https://www.theglobeandmail.com/business/article-interest-rates-housing-market-downturn/>
2. <https://www.fool.ca/2022/06/10/notice-to-buyers-home-prices-could-drop-15-by-year-end-2023/>