



Insights

WINTER 2024

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

DID YOU KNOW?

If your ‘holiday hangover’ is of the financial sort, we have the cure.

Your December bills are here and you feel slightly queasy ... not from overdoing the festivities, but because you racked up your debt and could now face expensive interest charges. In addition, you may feel guilty about setting back your saving goals. If this is you, don't focus on what went wrong ... focus on the fix. *“Few people reach their goals without experiencing some setbacks along the way”, says Educators Senior Financial Advisor Simon Moriello. “If you’ve accumulated debt, there are things you can do to pay it off quickly and get back to your savings plan.”*

First, cut back or stop using your credit cards. Remember that keeping, or adding

to, any balance on your cards means paying interest – money that could go towards meeting your goals. Then establish a debt reduction strategy. In the ‘high rate payment approach’ you pay down the credit card with the highest interest rate first. In the ‘debt snowball approach’, you focus on the card with the lowest balance, giving you the psychological boost of seeing progress more quickly. An Educators advisor can help you decide which approach is best for you.

Next, find ways to free up cash to pay down the debt. Identify and reduce unnecessary spending like eating out or online shopping – at least for a little while. If you have several high-interest debts, consider consolidating

them into one, low-rate line of credit. For more strategies to help go here:

www.educatorsfinancialgroup.ca/learning-centre/need-know-debt-pay-off/.

Finally, develop a budget (or reassess your existing one) to make sure it works for you, and lets you stay on track to meet your savings goals. Educators’ easy-to-use online budget calculator: www.educatorsfinancialgroup.ca/budget-calculator/ can help, or an Educators financial advisor would be happy to assist you.

CHUCK’S CORNER

Financial peace of mind starts with talking to us.

Few things bring the comfort of knowing you’re on track to meet your financial goals. Unfortunately, many people’s financial plans have gone off track recently. Paycheques aren’t stretching as far due to inflation. You may be saving less (or nothing) or using your savings to pay debts or help



your kids. If this is you, an Educators financial advisor can help you assess where you stand and get your plan back on track.

If you’re a homeowner and your mortgage is coming up for

renewal, it will pay (maybe literally!) to meet with one of our mortgage agents. We’ll review your options and come up with strategies to help you save money and get the mortgage that works for you.

The stock market has also had people worried. Although equity markets did improve the last quarter of 2023, if the market ups and downs made you anxious last year you may want to talk to an advisor about whether your portfolio still reflects your tolerance for risk. You may be interested in the added security of fixed term investments such as Educators GICs, which currently offer competitive rates. www.educatorsfinancialgroup.ca/gic-offer/. Our Money Market Fund is another option that provides higher yields while giving you financial flexibility.

And if you’re hoping to retire soon – or thinking about early retirement – you can check your progress with our Pension Income Gap Calculator www.educatorsfinancialgroup.ca/calculatepensiongap/, which includes an assessment of how your current savings will fill any gap in your projected retirement income.

Start the new year off right, knowing your financial plans are on track to meet your financial goals. Give us a call today at [1.800.263.9541](tel:1.800.263.9541).

Here’s to Peace of Mind!

Chuck Hamilton, President and CEO,
Educators Financial Group
chamilton@educatorsfinancialgroup.ca



Your questions about estate planning answered

Many people know they should have an estate plan, but avoid it. “At Educators, we’ve found that, when some common questions are answered, the same people often realize the importance of estate planning and start the process”, says **Lisa Rapponi, Certified Financial Planner professional**. So we’ve put together a list of the most common questions our clients have.

Q: “Why do I need an estate plan?”

A: An estate plan is the best way to ensure the assets you’ve worked hard for throughout your life are distributed the way you want – as quickly and as seamlessly as possible – and as tax efficiently as possible.

Q: “What’s included in an estate plan?”

A: An estate plan can include a will, beneficiary designations, powers of attorney, tax planning, and trusts.

Q: Who can I name as an Executor? And who as my beneficiaries? **A:** Because your Executor will be responsible for ensuring your wishes are carried out as outlined in your will, he or she should be someone you trust, over the age of 19. When it comes to beneficiaries, while you can name anyone, you need to consider such things as account type (rules can differ), and taxation. Ensure you understand your choices. You should name Primary Beneficiaries, plus Contingent Beneficiaries for your registered accounts. The latter would receive proceeds should your primary beneficiary be unable to accept them. At Educators we also have the ability to add contingent beneficiaries.

Q: How can I become more financially literate about estate planning?

A: Educators has an Estate Planning Series of articles with important information www.educatorsfinancialgroup.ca/learning-centre/how-learning-centre-estate-planning-essentials/. You can also talk to a financial advisor with your questions.

Our Estate Planning Checklist can help you get organized:

www.educatorsfinancialgroup.ca/learning-centre/estate-planning-checklist/

Is 2024 your year to invest in RI?

If you are interested in investing in companies that reflect your beliefs and values, you’ve probably heard about Responsible Investment (RI), one of today’s fastest-growing investment trends. In a recent survey conducted by Educators, over 80% of our clients said RI was important to them. We have had a number of RI options available for some time. Ask your advisor about it!

New to RI and want to know more? Unlike traditional funds which focus primarily on financial return, Responsible Investment is a strategy that incorporates various environmental, social and governance (ESG) factors into investment decisions. The goal of RI is to provide financial return and encourage positive social change. There are a variety of RI investing strategies, but the most common and well-known are ESG integration, Thematic, and Impact Investing, Active ownership, and Exclusion and screening.

“One of the questions my Educators clients have is whether RI results in lower returns”, says **Shannon Lamont, Certified Financial Planner professional**. “And the answer is ‘no.’” Recent studies showed that RI does not mean lower returns, and may even enhance performance by offering protection against downside risk. www.educatorsfinancialgroup.ca/learning-centre/demystifying-responsible-investing/

An Educators financial advisor can answer all your questions about RI and whether it fits your investment objectives, and tell you about the RI options that Educators offers. Give us a call today at 1.800.263.9541.

A Pre-authorized Contribution Plan can make it easy to invest regularly.

www.educatorsfinancialgroup.ca/learning-centre/pre-authorized-contribution-plans/

Mortgage renewing soon? Do you stay...or move?

31% of mortgage holders in Canada have a mortgage that will renew by March, 2025*. With interest rates the highest they’ve been in two decades, “Many Canadians will face much higher interest rates, and may have some tough decisions to make”, says **Nick Rao, Mortgage Agent Level 1**, “including whether to stay in their current home, or move to something smaller.” The professionals at Educators can provide you with the information you need to make that decision. “Homeowners who want to stay can estimate what their mortgage rate and monthly payment will be after renewal, and use Educators Mortgage Payment Calculator (www.educatorsfinancialgroup.ca/mortgage-calculator/) and see if they could afford it”, says Nick. If not, there are strategies to reduce the monthly payment, including changing the length of a mortgage amortization, or even switching to Educators for our very competitive rates. However, these options incur fees, and if a mortgage is uninsured, homeowners will face the stress test again.

“If a homeowner decides to sell and downsize, they should weigh all the costs”, says **Nick Rao**. Although in the long term it could mean lower mortgage payments, realty taxes and maintenance costs; in the short term there may be transaction costs such as realtor commission, land transfer tax, legal and other fees, and moving costs. Getting a pre-approved mortgage is a good idea, because the rate will be locked in for a period of time, providing you with security that your rate won’t go up.

If your mortgage is up for renewal soon, inform yourself with helpful articles in Educators’ Learning Centre, like this: www.educatorsfinancialgroup.ca/learning-centre/how-to-manage-mortgage-renewal-during-rising-rates/ or call one of our Mortgage agents today.

Calculate how a higher interest rate on Your mortgage would affect your budget:

www.educatorsfinancialgroup.ca/budget-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

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* <https://www.newswire.ca/news-releases/renewal-jitters-canadians-concerned-about-upcoming-mortgage-renewals-consider-extending-their-amortization-periods-switching-lenders-859032047.html>