



Insights

SPRING 2025

NEW! Check out the latest Market Update - now available in the Learning Centre
www.educatorsfinancialgroup.ca/learning-centre/market-update-spring-2025/

DID YOU KNOW?

How to navigate your investments through the uncertain waters of tariffs.

Just as high interest rates and inflation had started to become less of a concern, there's a new economic threat – tariffs. Although the final details of the proposed tariffs (what they'll be imposed on, how large they'll be, how long they'll be in place) are undetermined at the time of writing, the potential impacts are clear. Some Canadian manufacturers are already cutting production or laying off staff. Supply chains could become disrupted, causing production costs to skyrocket on everything from cars and mineral fuels, to produce and pharmaceuticals. The Canadian dollar could also be negatively impacted. (You'll find a more detailed analysis in this article: www.educatorsfinancialgroup.ca/understanding-tariffs/)

Until the uncertainty (and the dust) settles, how can Canadian investors prepare? **According to Norshat Reshat, Educators Certified Financial Planner professional**, "Investors should remember that success has less to do with the market ups and downs, and more with how investors react to volatility."

"Market downturns can feel quite unsettling", **says Norshat**. "However, it's important to avoid making emotional decisions, because provided your portfolio is well-diversified, you'll be in good shape to ride out the storm - both in the short and long-term".

It's also important to keep your long-term goals in mind. Staying the course during

periods of volatility has historically allowed investors to fully recover with the best days often coming after the worst ones.

Your financial advisor can help you put a plan in place, which could include reducing your budget, increasing your emergency plan, and consolidating debt. (You can get some great tips here: www.educatorsfinancialgroup.ca/pay-off-debt/)

For more information on how to protect your portfolio against market volatility and face economic uncertainty with confidence, call your Educators financial advisor today.

PETER'S PERSPECTIVE

The season has changed, have your financial goals?

Since starting in my new role as President and CEO just a few months ago, I've already learned so much about you – our clients, your goals for the future, and about our team and their commitment to helping you reach those goals.



Many times, clients have told me just how important educator-specific advice is, and how it's made a difference to their financial success. I truly believe that areas like navigating pay grids and understanding your pension are where our financial advisors shine. Whether you're just starting out in your career, have a few years under your belt, or are getting close to retirement, spring is a great time to review your finances, refresh your goals, and make sure you're on the right track toward the future you've imagined.

As you prepare for what's next in your financial journey, I encourage you to speak to one of our financial advisors at your convenience, whatever your questions or needs. We're here to help you every step of the way. And where better to get advice from than those who know you, and the education community, best?

Finally, please know that during these turbulent economic times that we are facing as Canadians, you are not alone. We are committed to supporting you and helping you face this economic uncertainty with confidence. For more information I encourage you to read our latest market update, here: www.educatorsfinancialgroup.ca/learning-centre/market-update-spring-2025/

Peter Van Meerbergen
President and CEO
Educators Financial Group

P.S. If you'd like to reach out to me directly about how Educators can help you, you can email me at pvanmeerbergen@educatorsfinancialgroup.ca



Evaluate your finances now – here's why.

Maybe you haven't reviewed your finances for a while. Maybe there's been a major change in your life. Regardless of why, you've decided to check to make sure your finances are on track. But where do you begin? *"When my clients want to review their finances, I start with three areas", says Dennis Rojas, Educators Financial Advisor.*

First is the budget, including how much they're saving. *"If clients are having difficulty saving – which is key to meeting their short- and long-term goals and building an emergency fund – I start by finding possible ways to save", says Dennis.* *"I also look at the interest they're paying on their debt. You can save a lot by consolidating several debts into one, low-interest rate loan, and using the money saved to pay down debt and build up savings."*

You should also check your credit report and rating for accuracy. This is increasingly important in these days of sophisticated fraud. *"An accurate credit rating is important for many reasons, including applying for loans or to rent an apartment. If it's lower than optimal, there are ways to improve it."*

With your financial advisor, discuss any material changes in the past year (e.g., a new baby could require opening an RESP) and plans for the next year (e.g., if you're retiring there could be last minute financial arrangements).

It's normal to have questions. Your financial advisor can help with your financial plan, including budgeting, managing debt or unexpected financial challenges, developing an estate plan, and ensuring your investment portfolio aligns with your needs and goals.

Call 1.800.263.9541 to book a financial review today.

The key to avoiding emotional investing.

Do you panic when markets decline, and think you should sell? Or conversely, do you rush to buy a stock when it is doing well? This is called "emotional investing", and it's especially common when markets are volatile. Unfortunately, it can also lead to lower growth in your portfolio.

"Investors who stay the course and keep their long-term plan in mind – despite the ups and downs of the market – are much more likely to meet their goals", says Gregory Monti, Educators Certified Financial Planner professional.

To avoid making emotional decisions, ask yourself: "Have my investment goals, financial situation, or investment time horizon changed?" If the answer is no, consider these three investment strategies.

The first strategy, dollar cost averaging, involves investing the same amount of money at regular intervals. As a result, you buy more of an investment when the price is low, and less when the price is high. We make dollar cost averaging easy, with an Educators Pre-Authorized Contribution plan (PAC): www.educatorsfinancialgroup.ca/PAC/.

Secondly, ensure your portfolio is diversified. Because different investments react differently to market conditions, holding a variety of investments can smooth out the market ups and downs.

Finally, have your portfolio rebalanced once a year. *"Investments grow or decline at different rates, so the percentage of each investment inside a portfolio will change over time. Rebalancing your portfolio ensures it continues to align with your financial goals", says Gregory.*

Learn more about emotional investing here: www.educatorsfinancialgroup.ca/emotional-investing/.

How interest rate changes affect you.

The Bank of Canada (BoC) cut the overnight interest rate seven times between June 2024 and March 2025 from 5% to 2.75%. Some analysts suggest that the trade war with the U.S. could result in more cuts this year* (but perhaps happening less frequently than in 2024).

How do these interest rate cuts affect borrowers?

For homeowners with mortgages, the impact of interest rate cuts will depend on what kind of mortgage they hold. With a variable rate mortgage, rate cuts can mean that more of a mortgage payment goes towards the principal of the mortgage, and less towards interest. Fixed rate mortgages, on the other hand, may not see an immediate impact from rate cuts. This is because fixed rate mortgages are commonly based on five-year bond yields.

For first-time home buyers, lower rates could open the door to financing options and terms they couldn't qualify for before.

Whether you have a mortgage or other kind of loan, lower interest rates can offer a chance to review, renew or refinance existing terms, and perhaps consolidate debt to free up money for other needs or pay down debt more quickly. There are caveats, however. *"Homeowners should make sure they know about fees involved with refinancing, to ensure the potential savings outweigh the costs", says Educators Mortgage Agent Level 1, Nick Rao.* Find out more: www.educatorsfinancialgroup.ca/refinancing/.

Of course, you can always talk to one of our Mortgage Agents about how falling interest rates will affect your borrowing needs! You can also learn more in this article in our Learning Centre: www.educatorsfinancialgroup.ca/falling-rates/.

Setting up a budget?

Our online budget calculator can help: www.educatorsfinancialgroup.ca/budget-calculator/.

Want to open a PAC? Call us today at 1.800.263.9541 or book an appointment with a financial advisor.

See how the interest rate affects your mortgage payments: www.educatorsfinancialgroup.ca/mortgage-calculator/.

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*<https://www.morningstar.ca/ca/news/260931/bank-of-canada-seen-under-pressure-to-keep-cutting-interest-rates---aspx>