



Insights

SUMMER 2019

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

DID YOU KNOW?

Educators has investments for uncertain times.

You've been hearing different forecasts about the economy. You're watching the markets. Maybe spending less. Good for you, for taking it slow. Financial experts agree that investors shouldn't react quickly to changes in the stock market. Far better is to remember that your portfolio was designed to suit your unique objectives... and stick to your long-term plan.

But how do you find the time to develop your ideal portfolio, especially when you're a busy education member? Educators Monitored Portfolios are a great solution. Each of the four portfolios combines fixed income and

equity mutual funds to achieve a level of risk and volatility suitable for Aggressive, Growth, Balanced and Conservative investment portfolios. Their investments are chosen and managed by an Asset Allocation Manager who monitors, rebalances and optimizes the portfolio.

According to Educators Certified Financial Planner professional Franc Oliveri, *"Many of my clients who aren't very comfortable with risk—and who have a medium investment horizon—find that the Educators Monitored Conservative Portfolio suits them. It features investments with interest income, as well as potential for low*

to moderate investment growth". (More on Educators Monitored Portfolios can be found here: educatorsfinancialgroup.ca/monitored.)

Another plus? With a minimum deposit of \$500 and as low as \$25 a month, investing in Educators Monitored Portfolios is ideal when you're making every penny of your paycheque count.

Have questions about your portfolio and whether an Educators Monitored Portfolio might be right for you?

Call your Educators Financial Advisor today at [1.800.263.9541](tel:1.800.263.9541).

CHUCK'S CORNER

Hope for the best, prepare for everything else.

It's strange, but true: the best time to prepare for the unexpected is *before* it happens. That's why you check your tires before a road trip. Put candles where they can be found if the power goes out. Pack some antacid when you go down south.



As education members, you know about financial surprises—but it's especially important to think ahead when your personal finances are changing, or uncertain.

Your Educators Financial Advisor has

financial strategies to help you prepare for whatever might happen. Like establishing an emergency fund. If your finances change, nothing gives peace of mind like having funds for unexpected needs. Your advisor will show you how to improve your cash flow and find extra money. (One way is to pay less interest on debt; see educatorsfinancialgroup.ca/payoffdebt). They can also help you review your finances and ensure your budget keeps up with any changes in your situation.

At Educators, we are committed to our clients. For over 40 years, we've provided the financial products and information education members need—making it easier to get a mortgage, providing loans during salary disruptions, and offering a range of borrowing options (including an unsecured

line of credit). If you're our client today, regardless of your future circumstances, we'll continue to serve your needs.

Have a question about your finances? We can be a valuable source of information and assistance. Give us a call.

Cheers!

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

Planning your retirement income.

Think you're too young to think about retirement income? Think again.

It's never too soon to start planning for your retirement. Remember: the longer your money has to grow, the better! (Check out these strategies to help you save for retirement: educatorsfinancialgroup.ca/save-beyond-pension.)

When you retire, your income sources could include savings accounts, non-registered investments, a Tax-Free Savings Account (TFSA), a Registered Retirement Savings Plan (RRSP)—which will be converted into a Registered Retirement Income Fund (RRIF), and/or annuities—Old Age Security (OAS), and your Canada Pension Plan. These are in addition to your Ontario Teachers' Pension.

Will your OTPP pension provide enough for a long retirement? Find out with our Pension Income Gap Assessor.
educatorsfinancialgroup.ca/pension-calculator

"The more you know about your income streams and their differences, the better off you'll be", says Educators Certified Financial Planner professional David Giustizia. "For example, you might know that your RRSP restricts your contributions to your RRSP—but not to your savings accounts, TFSAs, or non-registered investments. Your Financial Advisor can help you decide where to put your retirement savings."

Where you draw your retirement funds from will affect your taxes. For example, the CRA doesn't consider your savings account 'taxable income'. So consider using your savings account before your RRSP or RRIF. Also, the lower your taxable income, the less OAS is clawed back.

The earlier you think about your income in retirement and where it's coming from, the better-informed your decisions will be. Speak with an Educators financial specialist today.

'Emotional investing', and how to avoid it.

It's the nature of the beast. The stock market goes up and down ... and with it, your investments. Unfortunately, some investors react emotionally to the natural variations of the stock market, making poorly-timed decisions that lower their returns.

Not all investors experience 'emotional investing', however. Industry studies show it depends on the investor's personality—their spontaneity, self-discipline and amenability—and their biases. (These include 'confirmation bias', 'availability bias', and others. Read more on this here: educatorsfinancialgroup.ca/emotional-investing.) Investors also have blind spots. For example, because it's been a bull market for so long some investors underestimate their level of risk aversion. When the markets decline, they experience 'loss aversion'—pain associated with losses.

How much can emotional investing impact your returns? DALBAR, a leading financial services market research firm, found that the average return for investors of equity mutual funds between 2005 and 2015 was 4.2%.¹ During the same period, the S&P 500 Index returned 7.3%!² The lower return for the equity fund investors was caused by emotional decisions when markets were volatile.

Educators Financial Planner professional Robert Johnston has some advice for investors who are prone to emotional investing: *"You need to understand what's influencing you as an investor. Talk about your biases with your Financial Advisor. And remember why you invested. If your goals, time horizon and financial situation are the same, hit 'pause'."*

Questions about your investments? We're here to help. Speak to your Educators financial specialist today at [1.800.263.9541](tel:18002639541).

Discover our new and improved, easy to use, RESP calculator:
educatorsfinancialgroup.ca/resp-calculator
(We're always adding to your resources!)

If the economy slows, will you be able to borrow?

Predictions about Canada's economy in the near future vary, but the Conference Board of Canada suggests that by 2020, economic growth will decrease to 1.7 or 1.8 percent per year. Other sources state that consumer spending will decrease due to lowered employment growth, as well as salary increases limited to inflation rates.³ Real estate markets are predicted to become flat, which will also affect purchases such as furniture and appliances.

Predictions like these will likely have education members (particularly those thinking of buying a home) wondering, *"Would an economic downturn affect my ability to borrow?"*

Educators Agent-Regional Director Chris Knoch says: *"In a slower economy, be cautious about taking on new debt. Pay extra attention to spending and budgeting, and avoid unnecessary risks."* (Here's how to establish a budget you can live with: educatorsfinancialgroup.ca/buildbudget)

New home buyers will hear forecasts for rising rates and falling rates alike, so choosing between a fixed or variable rate mortgage could be difficult. Speak with an Educators lending specialist about your options. And if you're renewing a mortgage? *"Avoid stretching the amortization to keep your payments the same. You'll take longer to pay your debt, and pay more in interest," according to Chris.*

You can read more about how changes in the economy could affect your ability to borrow here: educatorsfinancialgroup.ca/borrowing-and-the-economy.

Whatever turn the economy takes, remember: professional advice will always be available for you at Educators Financial Group.

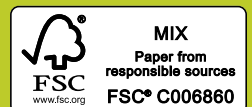
Need to borrow for a home, or get expert advice on managing debt? Call us at 1.800.263.9541.

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