



Insights

WINTER 2023

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

DID YOU KNOW?

You should review your financial plan in the new year every year... but particularly this year.

Experts say you should review your financial plan regularly - once a year, or after a major life change. This includes your goals, the saving and investment strategies used to meet those goals, and your estate planning.

“Reviewing their financial plan will be particularly important for many people this year, because they’re still dealing with the impact of the past couple of turbulent years on their savings and investments,” says **Matthew Dang, Financial Advisor, Educators Financial Group.**

“For example, has your ability to save changed? If so, look at your timelines of your short- and long-term goals.

If your Emergency Fund has been depleted, you may want to revisit your saving strategies and revise your budget. Our online tool can help: www.educatorsfinancialgroup.ca/budget-calculator/.”

A change in your ability to save could impact your desired retirement date. Our Pension Income Gap Indicator can help identify if you’re on track, and how to catch up. (www.educatorsfinancialgroup.ca/calculatepensiongap/)

If market volatility keeps you up at night, talk to your financial advisor about whether your investments reflect your current comfort level. As part of your review, discuss diversification, which lets you target a level

of risk based on your goals, time horizon, and tolerance for volatility.

Your annual review is also the time to develop or update an estate plan that reflects your current family status and financial situation.

At Educators, we have the experience and training to help you with your changing needs. Give us a call today at **1.800.263.9541**

CHUCK’S CORNER

“Taking Stock”: how educator-specific financial advice can make a difference.

Online videos, your nearby bank, your neighbour’s son ... a lot of places want to offer you financial advice. The trick is to find advice that’s right for YOU. That’s when you benefit from the true value of advice, the kind that helps you achieve your goals.



Educators Financial Group understands your unique needs. We were established to provide financial advice and products for the education community and can help you

achieve your financial goals throughout your career, and in retirement.

When you’re just starting, we can show you how to save. We understand the deductions on your paystub and can build a savings plan around them. And if there’s a salary disruption, we can advise you on how to minimize disruptions to your cash flow.

We can answer questions about your pension, too. While some institutions might say “top up your RRSP contribution”, we know it’s not that simple – your pension affects how much you can contribute to your RRSP, and RRSPs affect how much of a retirement gratuity can be sheltered from tax. We can also explain how to catch up on pension credits lost due to mat leave.

If you’re retiring early, we can help you with a draw-down strategy for your RRSPs and how to maximize pension-income tax credits. And if you’re retired and working as a supply teacher, we can tell you how it affects your pension.

Discover the difference that advice geared to your needs can make. Whether you need to calculate your net worth, or re-evaluate strategies to help you go through a period of financial recovery, we have the advice, tools, and products you need.

Call your Educators financial advisor today.

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Retiring this year? Start the countdown now.

If you're retiring this year, start your preparations early in the year, so you'll have more time to deal with any surprises before the end of June," says **Lisa Raponi, Certified Financial Planner professional**. "Start by double checking whether you can anticipate any gaps in your retirement income, using your most up-to-date calculations for your monthly expenses." Educators' Pension Income Gap Calculator can help: www.educatorsfinancialgroup.ca/calculatepensiongap/.

Experience keeping to your retirement budget for a couple of months. (Don't have one? Develop one using our online tool www.educatorsfinancialgroup.ca/budget-calculator/). Many new retirees find their expenses increase rather than decrease initially, due to things like travel or home renovations. If you work to supplement your retirement income, look into how that could affect your pension.

Do your paperwork. Decide on your survivor benefits options (you can select between 50% and 75%). Confirm your beneficiaries for your TFSA and RRSPs, and understand the tax implications and ask an Educators financial advisor how to maximize your gratuities and what can be rolled into your RRSP.

Three months before your last day... contact the Ontario Teachers' Pension Plan (OTPP) at 416-226-2700 or 1-800-668-0105 or Omers at 416-369-2400 or 1-800-387-0813 to obtain a personalized pension application form. Once you've submitted your form, check for outstanding documents, and check your service and salary for outstanding paybacks and incomplete transfers.

We can help you transition into your retirement. Call us today.

The Ontario Teachers Pension Plan website has more information on step by steps to retirement: www.otpp.com/en-ca/members/preparing-to-retire/start-prepping-to-retire/

There's more to RRSPs than a deadline.

March 1, 2023 is circled on many investors' calendars, because it's the deadline to make their 2022 RRSP contribution. But getting the most out of your RRSP contribution entails more than meeting a deadline, according to **Kody Fanara, Certified Financial Planner professional**.

"As education members, our clients need to consider how their RRSP works with their pension. For example, your pension will limit the amount of RRSP contribution you can make."

In addition, he says, "Some people who make their contribution at the last minute think they don't have time to decide what to invest in, so they 'park' it in cash. That may be fine temporarily but if you leave it as cash, you could lose out on the increased growth that investments could have. In addition, during times of inflation, the buying power of your cash could be reduced."

While your 2022 RRSP contribution is top of mind, why not make your 2023 contribution as well? The earlier you contribute, the more time your investment has to increase in value. If you can't make your entire contribution, contributing a small amount will make a difference. Consider setting up a PAC (Pre-Authorized Contribution Plan). Because a PAC automatically transfers your money into your RRSP on a pre-set schedule, you won't forget to contribute. Furthermore, contributing equal amounts on a regular basis lets you benefit from Dollar Cost Averaging, which aims to reduce the impact of market volatility by averaging out unit costs (www.educatorsfinancialgroup.ca/learning-centre/7-ways-to-make-the-most-of-dollar-cost-averaging/).

Questions about making the most of your RRSP? Talk to an Educators financial advisor today at 1.800.263.9541

Find the RRSP 'rules' that are unique to educators: www.educatorsfinancialgroup.ca/learning-centre/rrsps-whats-fact-whats-fiction-whats-specific-education-members/

Are high interest rates affecting your cash flow?

If it seems your paycheque isn't stretching as far as it used to, you're not alone. The Bank of Canada's recent interest rate increases mean that more of many people's income is going towards paying the interest on their debts. Those feeling it most are people with a variable rate mortgage, but those with home equity lines of credit and student loans will also be feeling the pinch. Results can range from a budget that no longer works to more dire consequences ... like being in arrears on a mortgage, or other debt.

"If homeowners are having difficulty making mortgage payments, Educators has strategies to help," says **Chris Knoch, Regional Director Lending Services**. "Extending the amortization period can reduce monthly payments. Although it means paying more interest in the long-term and possibly having to pass a stress test again, extending the amortization could make the difference between keeping or losing a home."

Another strategy is to consolidate credit cards and loans (maybe even your mortgage). Reducing the number of your monthly interest payments by consolidating them into a new mortgage with a lower interest rate may improve your cash flow, so you can cover essential expenses without increasing your income.

At Educators Financial Group, we can help you deal with the impact of higher interest rates. Our online Learning Centre features articles with valuable information as well as easy-to-use online tools and calculators (www.educatorsfinancialgroup.ca/learning-centre/how-to-manage-mortgage-renewal-during-rising-rates/). And you can call and discuss your issues with us at any time.

It's easy to find out how extending your amortization period will affect your mortgage. www.educatorsfinancialgroup.ca/mortgage-calculator/

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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/>

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