Insights

FALL 2024

NEW! Check out the latest Market Update - now available in the Learning Center (www.educatorsfinancialgroup.ca/learning-centre/market-update-fall-2024/)

DID YOU KNOW?

Missing financial year-end deadlines could mean you take longer to reach your goals.

"Fall is a busy time for educators", **says Caitlin Buchko, Certified Financial Planner professional.** "But being so busy that you forget important financial deadlines could have a negative impact on your financial plan, and whether you're able to meet your goals".

Several important plans have an end of year contribution deadline coming up. Here's why you should circle December 31st on your calendar so you won't forget:

A Registered Education Savings Plan (RESP) is ideal for saving for a child's education because investments grow tax-free inside the plan, and because you can receive benefits from the government in the form of the Canada Education Savings Grant (CESG). Why contribute by December 31st: there is a maximum CESG that is provided in each calendar year based on a maximum carry forward amount.

A First Home Savings Account (FHSA) helps you save for a first home. Contributions are eligible for a tax deduction, and are tax-free when withdrawn. The maximum contributions are $40,000/lifetime and $8,000/year. Why contribute by December 31st: unused contributions can be carried forward, but you must open an account first. (So if you opened a FHSA on December 31, 2024 and contributed $2,000, in 2025 your contribution room would be $14,000. The advantage to opening a FHSA before year-end 2024 is to gain this contribution room.

A Tax-Free Savings Account (TFSA) is popular because you pay no tax on withdrawals. Why contribute by December 31st: because all missed TFSA contributions can be carried forward to the next year, missing the year-end deadline has less consequences than missing other deadlines. But as with all registered plans, the sooner you open a TFSA, the sooner you'll benefit from compound interest within it.

For a more complete year-end financial 'to-do' list, go here: www.educatorsfinancialgroup.ca/learning-centre/top-8-things-end-year-financial-list/, or talk to an Educators financial advisor.

ONLINE ACCESS

Your new, reimagined online access is here!

"Over the years, our clients have shared valuable feedback on how we can enhance our online access" **says Karen Hubbard, VP, Client Advisory Services.** "We've listened, and we're excited to announce the launch of our new and fully reimagined online access!"

Our new, modern, easy-to-use online access is jam-packed with new, user friendly features and functionality designed to help you achieve your financial goals faster. Here are just some of the improvements we've made:

View your performance at a glance. Our enhanced dashboards let you quickly see how your investments are performing over time, along with overall changes in market value, and rate of return for your accounts.

Digital documents like statements, trade confirmations, and tax slips are now all available online. No more paper clutter. View, download and print only what you need.

Set up goals and achieve them faster with automatic recurring contributions.

Plus, there are **many more** easy-to-use self-serve capabilities like: booking a meeting, updating your profile, moving funds, opening accounts, and accessing educator-specific resources. Got a question? There's even live chat!

"Our new online access is best in class and it is designed to meet the unique needs of the education community" **says Karen.**

"I encourage you to take a look at what's new: www.educatorsfinancialgroup.ca/new-online-access-features/"

Interested in getting access? Call us at 1.800.263.9541

Register for your access today!

Do you have questions? We want to help. Call us at 1.800.263.9541 and let's talk about it!

PLANNING

Do your finances need a reboot?

"Computers aren't the only thing that need rebooting to run well. Your financial plan does, too. You have a baby … you'll want to start an RESP. You want to buy a home … you'll need a way to save more. The stock market is volatile … you should ensure your portfolio is diversified, and reflects your risk tolerance", **says Shannon Lamont, Certified Financial Planner professional.**

Your financial plan should be evaluated when you have a life change, or at least once a year. "Fall is a good time to talk to your financial advisor about your financial plan, because fall signifies a fresh start", **says Shannon.**

To begin, determine your net worth. List your assets and your liabilities. Assets include cash and belongings with a tangible value, like your home, investments, and valuable personal property. If you own a business, include its value. Liabilities include any enforceable debts or financial obligations (such as credit card balances, mortgages, student loans, car loans and rent payments). If you own a business, include its liabilities.

Think of upcoming changes in your life. Major expenses or getting closer to retirement should be reflected in your budget and your investments well ahead of time.

With your financial advisor, revisit your investments to ensure they meet your needs. Your portfolio may need to be *reallocated* (changing investments so that they reflect new needs or changes in your investment style) or rebalanced (adjusted to ensure your portfolio still reflects your original asset allocation). You can read more about this subject in our Learning Centre: www.educatorsfinancialgroup.ca/learning-centre/portfolio-risk-tolerance/.

Talk to an Educators financial advisor today about a financial plan reboot. Call 1.800.263.9541

Will you save enough for retirement? Check with with our Pension Income Gap Calculator www.educatorsfinancialgroup.ca/calculatepensiongap/

INVESTING

Where did that recession go?

At the end of 2023, media all around the world was full of predictions of recession. Did it happen in Canada? Will it still occur?

"Recession is a natural part of an economy's expanding and contracting", **says Norshat Reshat, Certified Financial Planner professional.** "It's declared after two consecutive quarters of negative economic growth. It's caused by sudden economic shocks (think global pandemic), excessive debt, asset bubbles, or too much inflation or deflation". Inflation, which hit a high of 9.1% in June 2022, has been in the headlines most. According to StatsCan, rapid and substantial increases in interest rates slowed inflation to 2.9% by January 2024, and 2.8% by February. By April, StatsCan announced that Canada had avoided the predicted recession. It went on to say that growth slowed, but was outperforming expectations. The labour market was solid, real wages had risen, and growth was on track for around 3.5%. (This figure is apparently debateable. According to Deloitte, an increase in unemployment to 6.4% in July and expected decreases in household spending could mean GDP growth of only 1.2% in 2024.)

At end of August, inflation (Total CPI) was reported as 2%.

"Many clients ask how to 'recession-proof' their financial plan", **says Norshat.** "We have strategies to help, such as developing a tighter budget or building a diversified portfolio that reflects your tolerance for risk." For more information regarding recession and your finances, visit www.educatorsfinancialgroup.ca/learning-centre/investing-101-how-to-weather-storm-during-recession/ or talk to an Educators financial advisor at 1.800.263.9541

Get a $25 Amazon gift card when you discuss your retirement savings with a financial advisor! www.educatorsfinancialgroup.ca/calculatepensiongap/

BORROWING

Discover the key to paying off debt faster.

Will paying off debt be one of your New Year's Resolutions for 2025? If so, why not get a head start now? "The first step to lower your debt is usually to look at your budget for expenses that could be cut or even removed", **says Jessica Dadswell, Regional Director, Lending Services.** "But if further savings need to be found, consider your refinance options for consolidating unhealthy debt". Debt consolidation – combining several debts with high interest rates into one, low-rate consolidated loan – offers many benefits. It simplifies your finances. Its lower rate means lower interest payments. And the money you save in interest can be used to repay your debt sooner.

But do you choose a loan to consolidate your debt, or a line of credit (LOC)? A line of credit has several advantages, including that you pay interest on only the money you actually use. A LOC is reusable. You apply just one time, and once approved, you can access any amount of the credit line at any time. Finally, the rate of interest on LOCs is usually lower than on credit cards.

There are two types of LOCs: secured and unsecured. The latter is ideal if you need a smaller amount because there are no set up costs, but a secured LOC– one that's backed by the equity in your house – provides lower interest rates and monthly payments, *because the risk to the lender is reduced.* In fact, if your needs dictate that you borrow a large amount of money, you can save hundreds of dollars a year with a secured Home Equity Line of Credit (HELOC).

An Educators lending specialist can answer all your questions about reducing your debt and whether a secured line of credit is right for your needs. Call us today at 1.800.263.9541

Do you know how to build a good credit rating? Here's what you need to know: www.educatorsfinancialgroup.ca/learning-centre/build-maintain-credit-history/

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.forbes.com/advisor/ca/banking/inflation-rate/