



Insights

SUMMER 2024

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

DID YOU KNOW?

Maximize your investments, know the difference between registered and non-registered accounts.

Investing is one of the most effective ways to save. But even seasoned investors can find it challenging to understand the differences between registered and non-registered investments, their tax implications, and which is best for them. **Darryl Martella, Certified Financial Planner professional**, sums up the difference between registered and non-registered accounts. “Speaking generally, Government-registered plans and accounts have tax benefits, but they have conditions such as contribution limits. Non-registered investments don’t offer the same type of tax benefits, but on the other hand have no

contribution limits and can be more flexible”.

In addition to the tax benefits with registered plans, they have contribution limits and terms, and allow for a wide variety of investments to be held inside them. But there are differences. A Registered Retirement Savings Plan (RRSP) is ‘tax-deferred’ – contributions are tax-deductible, but income tax is payable on withdrawals. Contributions to a Tax-Free Savings Account (TFSA) are not tax-deductible, but withdrawals are tax-free. Read more here: www.educatorsfinancialgroup.ca/learning-centre/tfsa-or-rrsp-education-members-

[guide/](http://www.educatorsfinancialgroup.ca/learning-centre/what-education-members-need-to-know-about-first-home-savings-account/). If you qualify, the First Home Savings Account (FHSA) offers both tax-deductible contributions and tax-free deductions. Learn more about the FHSA here: www.educatorsfinancialgroup.ca/learning-centre/what-education-members-need-to-know-about-first-home-savings-account/.

Your investment choices will depend on many things, including your goals, tax situation, investment horizon, and risk tolerance. Take advantage of the training and expertise available to you at Educators Financial Group. Call 1.800.263.9541 to talk to a financial advisor today.

CHUCK’S CORNER

Thank you...it’s been an honour to serve!

It’s hard to know how many thousands of education workers Educators has helped prepare for retirement. But I do know helping you plan for retirement increases your chances of achieving your retirement goals. While retirement planning is just one of the many services we offer related to financial planning, it has a special significance to me in this edition of Chuck’s Corner. You see, I’ll be retiring this fall, and this will be my final Chuck’s Corner.

During my thirteen-year tenure we’ve strengthened our member-first focus by expanding our team of professional

advisors who deliver the products and services you value. We’ve built a head office support team dedicated to providing industry-leading service.

With your support, we’ve extended our reach into all affiliates and continue to build out our advisory teams to be able to meet and serve you wherever you are. We run more educational workshops and webinars each year, and we spend much more time serving members in the North.

More recently, we’ve upgraded our technology infrastructure and will soon be launching a new client portal which provides enhanced functionality through online access. I frequently receive feedback on our current portal, and while some of you will say ‘Finally!’ I know all of you can be excited about what’s coming.

Last year, as a follow up to becoming certified as a Great Place to Work™, we were recognized as one of Best Workplaces™ in Canada! Recently, we’ve been re-certified

as a Great Place to Work™ and are eager to learn later this year if we will qualify for the highest tier recognition again.

I’m very proud of this organization. I’ll miss the dedicated people who work at Educators, and I’ll miss you - our clients. I’m grateful for the partnership we have with OSSTF/FEESO and the generosity of their leaders in welcoming us into their districts.

No matter where you are in your financial journey – just starting out, in the middle of your career, or approaching retirement (like me!) – the financial experts at Educators are here for you.

I wish you all financial peace of mind in the years ahead. ... Chuck

Chuck Hamilton, President and CEO,
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No summer break for your finances.

Your health, furnace, car ... important things need regular checkups to stay in tiptop shape. Your finances do, too. Letting them slide could result in a budget that doesn't work, missed deadlines and opportunities, and investment holdings that don't reflect your goals. Your budget, investments, and estate plan should be reviewed at least once a year ... and summer is the perfect time, if you happen to have more leisure time.

"A budget is a map of how to get where you want to go (whether your destination is a trip, a new home, or retiring)", says **Nigel Goetz, Educators' Certified Financial Planner Professional**. "It should reflect current income, expenses and goals. If these change, you should re-evaluate it to ensure you're saving enough, and not going into debt". (This online tool can help: www.educatorsfinancialgroup.ca/budget-calculator/).

Your investment portfolio should be a diversified mix of investments that suits your goals and risk tolerance. Because different investments react differently to market conditions (i.e., mutual funds could increase in value, while bonds decrease), the percentage of different types of investments inside your portfolio can change over time. Your portfolio therefore must be reviewed regularly and either rebalanced to its original asset allocation (if it still suits you), or reallocated to reflect changes.

Finally, review your estate documents. Do they reflect your current life? Has there been a divorce, new child in the family, or other event that should be considered? Download our online Estate Planning Checklist: www.educatorsfinancialgroup.ca/learning-centre/estate-planning-checklist/

Make checking your finances part of your summer 'to do' list. Talk to your Educators Financial Advisor today.

Will Bill 124/VBIA mean a lump sum for you?

As an education member you probably know about Bill 124 which was introduced in 2019 by Ontario Government. Now that the Bill was found unconstitutional, the government owes more than \$6 billion in payments to broader public sector workers. And in May, the Voluntary Binding Interest Arbitration (VBIA) central agreement decision, will result in members of the education community receiving permanent increases in their compensation.

Which raises the question: what is the best thing to do with a lump sum payment?

According to **Ahmed Rageh, Senior Financial Advisor**, the first thing to consider is paying down high-interest debt. "While it might be fun to dream of a big vacation or buying that new car, you'd get a far bigger (and longer lasting) bang for your buck by paying down your credit cards, lines of credit and car loans". If you don't have a balance on these, the next debt to look at would be your mortgage. "Your objective should be to have no debt by the time you retire", says **Ahmed**.

Next on Ahmed's list would be an emergency fund for any unexpected expenses. Followed by investing in a child's RESP. The reason? "It's almost like 'free money'", he says. "Not only will you benefit from tax-deferred growth on your investment, the government's Canadian Education Savings Grant (CESG) adds 20% on every dollar you contribute annually, or up to \$500 per year on a \$2,500 contribution per child (and a maximum lifetime CESG amount of \$7,200 per child)."

For other options on how to best use a lump sum payment, make sure you read this article www.educatorsfinancialgroup.ca/learning-centre/money-101-how-to-make-most-of-lump-sum-cash-flow-boost/ or talk to your Educators' Financial Planner today.

Be mortgage-savvy this summer.

Is this summer a good time to buy a home? Depends. Today's housing market is still influenced by high interest rates and reduced availability; but may soon be affected by other factors such as if the BoC cuts interest rates again July 24th, and the huge number of mortgages being renewed in 2024 at much higher interest rates. So, as of June 2024, the housing market seems uncertain.

If you're buying or selling a home soon and thinking about mortgages, **Nick Rao, Regional Director, Lending Services**, has some advice. "First, ask yourself some questions. Do you have a steady income? Is your debt low? How much down payment have you saved? Should you take on a new mortgage or blend with your existing one? Is your credit rating good?" Understanding your financial situation makes you better prepared to make an offer, regardless of the state of the housing market.

What's the best way to get a mortgage in uncertain times? First, work with experts. An experienced mortgage broker (www.educatorsfinancialgroup.ca/learning-centre/mortgage-brokers-more-essential-than-ever/) can answer questions like how to pass the mortgage stress test. Second, be open to mortgage options, including fixed and variable rates, and closed and open terms. "A variable rate mortgage may be attractive when it looks like rates will go down", says **Nick**, "but we don't know exactly when that'll happen. A fixed term mortgage that has a shorter term, could let you benefit from further rate decrease(s) if they happen". Third, get a pre-approved mortgage, which could help if you're in a bidding situation on a property.

Whether buying or selling this summer, start early. And talk to an Educators mortgage agent to take advantage of their expertise.

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