

## 9 Smart Money Moves to Make in 2015

### Description

Now that 2014 is coming to a close, many people are starting to think about New Year resolutions. Most tend to be focused on diet and exercise. However, the end of the year is also a great time to get your financial house in order. Here are nine smart money moves you can make in 2015.

#### 1. Start a budget

What is the one thing that separates the wealthy from the rest of us? Budgeting. According to *The Millionaire Next Door*, 55% of millionaires track their monthly income and expenses.

That's because starting a budget is the first step towards getting your financial house in order. After all, if you don't know where it's going, then it's tough to be savvy with your money. Once you have a full picture of your finances, you can start to find more places to save.

#### 2. Pay yourself first

Set aside a portion of your income for savings every month. Do this before you buy groceries. Do this before you pay your mortgage. Do this before you do anything else. This habit, developed early, can help a person build tremendous wealth.

#### 3. Start a rainy-day fund

Stuff happens. A well-stocked rainy day fund can be a lifesaver when the unexpected arises. That's why personal finance experts recommend keeping at least three to six months of cash on hand.

But don't let this daunting figure get you down. Start small, and work your way up. In the meantime, even having a few hundred dollars stashed away can make a big difference in a financial pinch.

#### 4. Pay off high-interest debt

If you have any high-interest debt, then make it a priority to pay down those balances. Frankly, this may be the best investment you can ever make.

You won't hear words like guaranteed and sure-thing thrown around often in the financial media. However, it's safe to say that with credit card rates hanging around 20%, no other investment offers a better *guaranteed* rate of return than paying off this debt.

#### 5. Pay your mortgage weekly

One decision every homeowner makes is how frequently to make your mortgage payments. And with constant demands on our cash flow, most of us want the most convenient option possible. That usually means making a mortgage payment once a month.

However, switching to a weekly or bi-weekly schedule can be a smarter strategy. It might sound too simple. But by making more frequent payments, you could save thousands of dollars in interest and own your home years sooner.

## 6. Start investing

The numbers are clear: over the long haul, there's no better place to park your money than equities. If you don't know where to start, I recommend investigating exchange traded funds. In a nutshell, these securities track an index, a commodity or a basket of assets, but trade like a stock on an exchange.

My personal favourite is the **iShares S&P/TSX Capped Composite Index Fund** ([TSX: XIC](#)). In one transaction you can own the 300 largest publicly traded companies in Canada. Better yet, the fund carries an expense ratio of just 0.05%, far lower than your average mutual fund.

## 7. Buy your first stock

Every journey begins with a single step. The same applies to investing. And what better way to get started then by buying a *single* share of your favourite stock?

Follow it. Get to know it. Read the annual reports. This *one* share will teach you a lot about investing.

## 8. Invest in real estate

Getting rich in real estate is simple — buy a few properties, take care of your tenants, and pay off the mortgages. In 20 years or less, you will have built a family dynasty that can last generations.

However, becoming a landlord is not for everybody. That's why you should consider buying **RioCan Real Estate Investment Trust** ([TSX: REI.UN](#)), one of the largest property owners in the country. If you live in Canada, you have probably visited many of the firm's malls and shopping center. By becoming a partner with this firm, you get all the perks of owning rental properties... without the headaches.

## 9. Own bonds

In spite of today's ultra-low interest rates, every portfolio should have a little bit of fixed income. Not every investor can stomach the ups and downs that come with owning common stocks. And the next time stock markets sell off, you'll be glad you had some bonds in your portfolio.

Once again, for new investors, exchange traded funds such as the **iShares Canadian Universe Bond Index ETF** ([TSX: XBB](#)) are the best place to start. With a click of the mouse, you can own a portfolio of safe government and corporate bonds. And with an expense ratio less than 0.33%, this ETF is cheaper than most mutual funds.

## CATEGORY

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1. Investing

## **TICKERS GLOBAL**

1. TSX:REI.UN (RioCan Real Estate Investment Trust)
2. TSX:XBB (iShares Core Canadian Universe Bond Index ETF)
3. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)

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