



How to Increase Your Savings

Description

To grow your savings, spend less than you earn or increase your income. First, develop a habit to save. Then invest in assets that generate a decent income.

Develop a habit to save

You may start off saving \$100 from each of your paycheques. Assuming you get paid twice a month, you'll save \$2,400 in a year. That sounds like a lot to save, but it only equals saving ~\$6.60 per day.

It's not unheard of that some people save 10-30% of their paycheques. When you get a raise or a bonus, remember to save at least some of it, too!

If you're the type that spends last month's income by the end of the next month, then you should keep track of your spending. You can identify the "want" instead of "need" items and eliminate some of the "want," so that you can save for your future. Tools such as the Mint app make tracking easy.

Using savings accounts and GICs

It's easy to just put your savings in savings accounts or guaranteed investment certificates. This way, you can pretty much guarantee you'll get your principal back on top of earning interest.

The problem is that despite the recent rate hikes, interest rates remain at historical lows, which makes it tough to maintain your purchasing power. Thankfully, you can get better returns if you're willing to take on more risk.



Partner with businesses that pay you income

Dividend stocks that grow their dividends periodically are relatively safer stock investments. Some top utility stocks stand out as great current income and dividend-growth vehicles.

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#)) and **Canadian Utilities Limited** ([TSX:CU](#)) are the top dividend-growth stocks in Canada. They have both increased their dividends for more than 40 consecutive years!

Currently, they offer yields of 3.5-3.7%. Their payout ratios are sustainable. Coupled with the investments they're making, including stable, regulated utilities, there's room for both companies to grow their dividends. Fortis even stated outright that it aims to grow its dividend per share by 6% per year for the next few years.

Investor takeaway

To increase your savings, develop a habit to save, including the income from your job, the income from interests, and the income from dividends. You can also reduce your spending to boost your savings.

By investing in a diversified portfolio of stable businesses that tend to grow their dividends, the income of your portfolio should increase over time. It's not difficult to get a portfolio yield of at least 3.5%.

With that yield, a \$1,000 investment returns \$35 in dividends in one year. However, if you keep investing your own money and reinvesting the growing dividends, your savings will build up like a snowball rolling down a mountain.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:FTS (Fortis Inc.)

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