



It's RRSP Season: 5 Strategies That Will Help You Save More for Retirement

Description

The deadline for Canadians to contribute to their Registered Retirement Savings Plan (RRSP) for the 2017 tax year is March 1.

Individuals are able to contribute up to \$26,010 or 18%, whichever is lower, of their earned income and receive a tax credit for the amount of their contribution, which will effectively reduce the amount of taxable income they are required to pay federal and provincial taxes on.

It's always best to consult with a financial advisor first — someone who can help you come up with a financial plan to meet your specific needs, objectives, and circumstances, but keep these five strategies in mind as you develop the best plan to save for a prosperous and early retirement.

Start making automatic contributions

While you only have less than a month left to make RRSP contributions that will be eligible to deduct from the 2017 tax year, it's never too early to start planning for 2018.

There are numerous benefits to setting up automatic monthly or weekly contributions to your RRSP account, including holding yourself accountable to a disciplined financial planning strategy.

But beyond following a disciplined plan that will help secure a financial future for yourself, monthly contributions will go a long way in providing you the additional benefit of a dollar-cost averaging strategy that will help you buy more when prices are low, [like right now](#), and less units when prices are high.

Consider the benefits of using a spousal RRSP

If you're married and you think that either you or your spouse will have a higher income than the other, it probably makes sense to consider using a spousal RRSP.

Spousal RRSPs, if used properly, can be a beneficial tool to use in retirement through the means of an income-splitting strategy.

Diversify your investments

In Canada, the government allows you to direct up to 30% of your investments towards foreign property, which includes the equity of foreign corporations.

With expectations for the growth of emerging and developing markets to outpace that of developed nations for the next several decades, it just makes sense to diversify your portfolio accordingly.

Consider an RRSP loan

With interest rates near all-time lows, this strategy makes more sense than it has in years.

Getting a loan at your local financial institution that will allow you to immediately contribute that amount towards your RRSP in exchange for an immediate tax break at your marginal rate sounds like a winning idea.

Don't wait to start contributing!

This tip is last, but it's by far the most important.

The single biggest deterrent of any investor's financial future is the age at which they start saving for retirement.

Imagine if you had been one of the people lucky enough to buy **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) at the start of 2016.

While it can take a lot of courage to take that first step towards [securing financial riches](#), there's no doubt that you'll be the one thanking yourself in 20 years.

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