



## 3 Things Every Canadian Can Do to Save for a More Carefree Retirement

### Description

It doesn't matter what age you are or what stage of life you're at, here are three things that every single Canadian can do to help themselves prepare for smarter, happier, and richer life in retirement.

### Keep a budget and pay yourself every month

The only way you'll end up with the necessary capital at your disposal needed to invest in the markets is if you're able to successfully save some money.

And the only way to consistently save money is by spending less, on average, each month, compared to what you earn (the last time I checked, anyway).

For most of us, that means keeping a household budget that's designed to track not only our everyday expenses but also special one-time purchases on things like vacations, car repairs or home improvement projects.

Once you've figured out how much you expect to spend each month, be sure to set aside at least 10% to pay yourself at the end of every month or after each paycheck.

Developing the discipline to save now in order to spend for later is a challenging process, albeit one that you'll definitely be thanking yourself for later.

### Use Canada's tax-incentivized savings programs to your benefit

In Canada, we're lucky that our government has several very significant investment and savings programs designed to help and encourage us to save for a better more comfortable retirement.

The registered-retirement-savings-plan (RRSP) allows Canadian taxpayers to contribute money to an account that they can draw on in retirement.

RRSP contributions are also tax-deductible, which means that any tax withheld on the money you contribute to your RRSP is eligible to be refunded to you at the end of the year.

More recently, the Harper government introduced the tax-free-savings account (TFSA).

Unlike the RRSP, TFSA contributions are not tax-deductible, but the good part is that once you've contributed the money into your account, you never have to pay any tax on any investment returns, including capital gains and dividend or interest income.

## Buy stock in the shares of high-quality dividend paying companies and invest for the long-term

Investing in the stock market doesn't require the use of any complicated mathematical formulas or high-frequency trading programs, despite what you may see or hear.

However, it does require patience, mindfulness and discipline.

By investing in the stocks of high-quality businesses in which you possess a firm understanding — those run by experienced and competent management teams that companies that consistently pay their shareholders a [regular monthly or quarterly dividend](#) — investors can go a long way toward [avoiding the mistakes](#) that so often challenge those just starting out.

## Foolish bottom line

Retirement is supposed to be a time in our lives when we look back with fondness on our life's experiences and memories.

By taking the appropriate steps now in order to ensure themselves a comfortable and carefree retirement, investors should expect that they'll be thanking themselves for it later, hopefully on a beach somewhere.

Making the world smarter, happier, and richer.

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**Date**

2025/07/23

**Date Created**

2019/07/28

**Author**

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