



No Retirement Savings? Don't Panic, Just Follow These 3 Simple Steps

Description

Life often gets in the way of saving for your retirement. When you're younger and just starting your career, there's property, cars, and vacations to purchase. As you get older, it's usually supporting your children and putting them through college.

It's no surprise that according to a CIBC poll in 2018, 32% of Canadians between 45 and 64 have nothing saved for retirement. While this may be shocking to some, it's understandable. Life happens.

If you find yourself in this category of zero retirement savings or know anyone who is, don't worry. It's never too late to learn something new and start saving. Here are three simple steps you can take to start building toward a retirement plan.

Track every dollar

Before you can start saving, you have to understand what you're spending on. For this step, you don't need to change any of your spending habits. You just need to figure out what you're spending on.

The old-school approach to this is to save every receipt and record it every night. While this method is simple and effective, it can be time-consuming.

An easier way is to download a finance tracking app on your tablet or phone and link it to your credit card and debit accounts. Every time you make a credit or debit purchase, the app will record the transaction.

The best feature of these apps is that it also categorizes the purchase so you can see what areas you are spending the most on. After you have this setup, it's as simple as opening the app up every night to see what you're spending on.

You'll be amazed at how being aware of what you're spending on can improve your spending habits.

Set up a savings plan

After a month or two of tracking your spending, take a close look at what you're spending on. Food, transportation, and housing are the three most significant expenses of most households. If you can find ways to reduce any of these expenses, you're well on your way to a significant savings plan.

Ask yourself some hard questions, such as if I could cut down on 10% of my spending, where would I miss it the least? Then continue to do this and start [saving in a TFSA](#).

Grow your savings

Here comes the fun part. After you have your savings plan humming along, start learning about investing. In your TFSA, you can invest in many different things, including stocks.

It's hard to go wrong with investing in a stock such as **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), which has paid dividends [for 190 years in a row](#). Dividend reliability is a good indicator of the strength of a company.

Taking a look at 2018, BMO's total net revenue rose by 5%, which resulted in a 14.6% adjusted return on equity. The company's adjusted net income grew by 9% to \$6 billion compared with the previous year. All these figures have BMO trending in the right direction.

Had you invested \$10,000 in BMO 10 years ago and reinvested the dividends, it would be worth \$27,469 today. That is a fantastic return.

Conclusion

If you have no retirement savings, you don't have to panic. Follow this three-step plan and watch your savings grow.

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2. Investing

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