



47% of Canadians Are Drowning in Debt: Here Are 4 Easy Steps to Fix This

Description

As Canadians, we struggle with saving money. There was a recent shocking survey done that shows that 47% of Canadians don't expect to be able to cover necessary living expenses over the next year without taking out more debt.

Considering that the stock market has been on a strong [bull run](#) since 2009, the debt issue is surprising to learn. There's no reason [almost half of Canadians](#) should take on debt to cover things like food and shelter. Here are four simple steps you to take action, fight debt, and invest wisely.

Pay off your “bad” debt first

If you hold “bad” high-interest debt, like credit cards or certain car loans, try your hardest to pay these off first before doing anything else. This differs from “good” debt, such as mortgages that are used to buy income-producing assets.

Set up an automatic savings plan

The best type of savings plan is the ones that you don't have to think of at all. If you set up a direct payment from your paycheck into a savings account or TFSA, you won't see the money come out, and you will adjust your spending towards what you have in your account. Try starting with 10% and moving up from there.

Build your emergency expense account

Once you have about three months of living expenses safely tucked away, you will find a huge relief and a significant weight lifted off your shoulders. You won't have to worry about borrowing to cover basic costs anymore. Now the fun part begins!

Use your TFSA to invest

I recommend keeping your emergency account in the highest-interest savings account you can find. Then, use your TFSA strictly for investing. This will help you build a good habit of associating your TFSA with investing only. Your TFSA is best used for investing for the long term. It's incredible what your TFSA can accomplish given some time and by investing in good stocks.

One stock that you could consider buying is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). You might know it better as Bell. BCE provides the communication needs of consumers, businesses, and government customers and is the largest telecommunications and media company in Canada.

Bell's business internet service helps small businesses thrive in Canada's vibrant economy. This \$56 billion market cap company has one of the most reliable and secure internet services in Canada.

The company's fast, stable, and scalable internet speeds enable small business owners to maintain their competitiveness and ensure profitable growth. About 8.3 million homes and businesses enjoy the fastest internet speeds. BCE's broadband fibre-optic network is also the largest in Canada.

With a considerable dividend yield of 5.07%, BCE is ideal for your TFSA, as none of these dividend payments will be taxed. Had you invested \$10,000 in Bell 20 years ago and reinvested all dividends, your money would be worth a staggering \$65,411 today. This goes to show the power of continuous compounding and holding your investments for the long term.

Conclusion

If you are having trouble climbing out of a debt trap, follow these four steps and see how investing in good stocks can change your life for the better.

CATEGORY

1. Dividend Stocks
2. Investing

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