



You're 40 and Broke in Canada: Now What?

Description

BDO Canada Ltd. took a poll of more than 2,000 Canadians, in which just over half of the respondents said they have no income they can put aside in savings.

It is no secret that debt is an increasingly overwhelming burden on the average Canadian. Almost 60% of the respondents had [credit card debt](#), and almost half of them said they don't have savings for retirement.

If you are nearing the age of 40 and you don't have savings for your retirement fund, you are not alone. I am going to discuss some strategies that you can use to make up for lost ground.

Making these financial moves and investing in a stock like **Hydro One Ltd.** ([TSX:H](#)) can help you on your way to achieving a comfortable retirement fund.

Budgeting

Budgeting allows you to manage your expenses in a better way. It might not be the most exciting thing to do, but creating a budget for your spending can make a significant impact on your financial future.

Take out all the time you need to plan your expenditure every month. Budgeting will also help you account for the areas where you are spending more money than you need to. Making significant cutbacks in different areas can help you save a substantial amount of money. It is the best way to start a solid savings plan.

Investing your savings

When you're 40, cutting your expenditure alone cannot help you to get a substantial amount in retirement savings. You need to also invest the cash you save through budgeting. If you start at the age of 40, you will have to start investing with modest sums of capital, but you need to do it regularly.

Making smart investments with the saved amount can help grow your overall wealth, adding up to an extensive portfolio as compounding takes effect. Investing even nominal amounts can help you make your cash earn more money for you.

Make long-term investments

One of the smartest financial moves you can make is to invest the sums of capital from your savings to purchase shares from a healthy company and hold them for the long term. Some of the most successful investors, like Charlie Munger and Warren Buffett, have made fortunes through long-term buy-and-hold investment strategies.

These two investors still hold stocks that they first bought several decades ago. Invest in the shares of a reliable business like Hydro One to maximize the potential of your savings. Hydro One is a [low volatility stock](#) that epitomizes what a risk-averse investment should be.

It is a \$16.31-billion market capitalization operator in Canada's utilities sector that is trading for \$27.32 per share at the time of this writing. Its dividend yield is a respectable 3.54%. The stock does not offer much in terms of dividend payouts, but it makes up for low short-term payments through long-term stability.

The company has regulated operations that allow Hydro One to secure predictable and reliable cash flows. The stock also exhibits modest growth, increasing by 25.61% over the past five years. The stock has delivered dividend growth annually since its listing on the TSX, and it continues to grow slow and steady.

Foolish takeaway

Budgeting can help increase the amount of cash you can put aside every month. Using that cash to invest in a stock like Hydro One can help grow your wealth.

Lastly, focus on reinvesting any earnings from your investments to provide a boost to your retirement savings. I think Hydro One could be an ideal stock to start accumulating wealth for a retirement fund even if you start at 40.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn

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Date

2025/08/31

Date Created

2020/02/10

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