



No Savings? No Problem: Follow These 3 Steps to Build Cash Quickly

Description

The statistics showing that Canadians don't save much is astounding. A 2019 analysis by the Organisation for Economic Co-operation (OECD) reveals that Canadians are forecast to save just 3.21% of disposable income in 2020. The lower savings rate indicates that people are spending more than saving.

When there's a financial emergency, having no savings is super scary.

If you've no savings today but want to start building a financial foundation from scratch, don't dwell on past financial mistakes. Take control and move forward. It's not too late to build savings for as long as you are serious and willing to do three steps to make cash quickly.

Take hold of your finances

The first and biggest step in the right direction is to take control of your personal finances. It involves assessing your current financial situation to find out your net worth. When you see a negative net worth, you should consider preparing a budget and work around it.

This time, you forego needless spending. If you have debts, prioritize paying them and not rack up some more. Whatever you can save is money for future use.

Set up an emergency fund

The second priority is to build an emergency fund. Life can be stressful if you don't have the cushion to pay for unforeseen expenses. You can grow savings from step one to accumulate your emergency fund.

By setting up an emergency fund, you're in a better position to weather a financial storm. Your debt burden should be diminishing too. Nothing should be holding you back from achieving your financial goals.

Grow your retirement savings

The third and critical step is to save for the long term to make sure you [end up with concrete retirement savings](#). After saving money, investing naturally follows. With capital available for investment, pick investor-friendly assets that should produce income for eternity.

Purchasing shares of a reliable dividend payer is one of the best options if you're starting from scratch. **Bank of Montreal** ([TSX:BMO](#))([NYSE: BMO](#)) was the first Canadian company to pay dividends to shareholders.

This dividend pioneer began sharing its profits with investors as early as 1829. With close to two centuries of dividend history, BMO should help people in catch up mode to generate cash quickly and build wealth over time.

With a market capitalization of \$65 billion, BMO is the fourth-largest bank in Canada. The bank was able to consistently pay dividends for 191 years because of business growth and strategic investments made through the years. Dividend payouts were steady amid cyclical markets as well as recessions.

BMO is known as an investor-friendly dividend stock. The 4.16% dividend it pays today should be sustainable given the bank's low payout ratio of 46.88%. BMO's hallmarks are strategic acquisitions and continuous global expansion.

Financial success

The three steps presented here can only be successful if you stay on track and not backslide to your previous [bad habits](#). Similarly, investing long-term in income-producing assets like Bank of Montreal should result in a solid financial foundation.

Saving and investing is a difficult challenge. However, it's your only opportunity to redefine your financial future.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
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