



Millennials: Your Savings Alone Aren't Nearly Enough

Description

The coronavirus unfortunately remains very much a part of our daily lives. This has created a huge struggle for Canadians of every age, but millennials have been hit extra hard during this time. As of May 8, about two million jobs have been lost in our country of about 37.5 million people. That's 5% of our population out of work because of the coronavirus.

While the Canadian Emergency Response Benefit (CERB) among others have been a help, with 290,000 jobs added last month, it's still not enough. Millions of Canadians still need help, lacking the savings to last much longer. This is especially true of millennials, who are now at the phase of starting up a life; buying a house, leasing a car, starting a family, and paying off student loans.

So let's look at what millennials can do about it.

Millennial aid for COVID-19

There are a few benefits that millennials can apply for at the moment. First, of course, there is the CERB. This benefit offers \$500 per week for a total of 16 weeks for individuals who are out of work or with little work due to the coronavirus. It has recently been extended, as more layoffs unfortunately come down the line.

Beyond CERB, if you're a parent who hasn't applied for the Canadian Child Benefit, (CCB), now is the time. You can see my article on what Canadian parents received based on household income [here](#), but basically you would also be entitled to a further \$300 per child due to COVID-19.

If you're a student who's out of work, there's a benefit for you too. If eligible, the Canada Emergency Student Benefit (CESB) offers \$1,250 for each four-week period between May and August, or \$2,000 if you have a disability or dependants.

Still not enough

Here's the problem. Despite all the benefits, it's still not enough for millennials. The average millennial makes about \$44,093 per year. As for savings, millennials are great savers, albeit it varies widely. While the average saved is about \$26,475, those over 33 saved an average of \$39,787, between 28 and 32 averaged \$21,375, and those under 27 a measly \$7,796.

That money is eaten up quickly if you look at the cost of living. If you're on your own, \$8,000 won't cover the \$12,464.76 cost of living. If you're a family of four, even \$40,000 won't cover the average cost of 45,490.92. There goes all those savings.

What to do

Invest. Millennials, you're terrible at investing. You're a huge part of the market, yet aren't contributing to it. It makes no sense. While four out of five millennials have savings, only 50% invest. And that's costing you big money. Not just with share growth, but with dividends.

That's why there's no better time than the present to start. I know, it takes money to make money, and millennials have little savings. But it'll likely pay off within a few months, especially if you pick a solid bank stock like **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)).

CIBC is one of Canada's top stocks, holding a solid fifth place for market capitalization, but first place when it comes to dividends. In the past two decades, the bank has seen shares increase about 130% as of writing. Before the crash, shares were at \$115, leaving a potential upside of 24% as of writing. In the past month, that share price is up 50%, and appears to continue.

But to really bring in some cash, buy CIBC for the dividends. CIBC right now has a [dividend yield](#) of 6.25%, a dividend that's grown an annual average of about 6% in the last five years.

Millennials can use those dividends to pay expenses now, and then reinvest them later without costing you a cent. You'll be growing your portfolio, at no cost to you.

Better still, even if another market crash happens, you'll be prepared.

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