



No Savings at Age 40? Here's What You Should Do

Description

A 40-something without savings should take retirement planning seriously. You will find yourself penniless if you procrastinate. Also, it's not safe to assume you can get by with just the Canadian Pension Plan (CPP) and Old Age Security (OAS) pensions. The payments are for lifetime, but they are [inadequate](#) to cover all your financial requirements.

Here are three things you should do to avoid pushing the panic button. You still have 20-25 years to work on it and retire worry-free.

Eliminate debts

If you have outstanding debts, prepare a repayment plan to pay down or eliminate them. Debts are obstacles to achieving financial freedom. Hence, it's always the first step, because you will free up more cash for savings.

Keep in mind that debt is manageable if you have regular employment income. When you retire, the income stream will reduce, and the debt effect will magnify. If use your pension to service debt, you will have nothing left. Likewise, debt restricts retirement lifestyle and could even lead to loss of well-being.

Save and save

Once you eliminate debt, set a budget that you can work around and follow strictly. Be sure to set aside a specific amount from your regular income for savings. Assuming you can save \$500 weekly for the next 25 years, you'll have \$600,000 in cash by the time you retire at 65.

If you can maintain the financial discipline, take it to the next level by investing in between periods. A simple way to compound your savings and [build a substantial nest egg](#) is to purchase dividend stocks. You'll have more to supplement your CPP and OAS.

Create quarterly income

When you invest in large, stable companies with long histories of paying dividends, it's like restoring pre-retirement income. Believe it or not, the **Toronto-Dominion Bank's** ([TSX:TD](#))([NYSE:TD](#)) dividend track record is more than a century. The second-largest bank of Canada has been paying dividends since 1827 — 163 years, to be precise.

Toronto-Dominion is innovating again in 2020 amid the lingering COVID-19. The \$116.21 billion bank recently launched TD Online Accounting, marking the beginning of a new era in banking convenience and another milestone for the bank. The integrated payment services will help small businesses increase and accelerate cash flows.

TD Online Accounting provides a self-service, digital onboarding experience to business customers. Aside from getting paid electronically, the service frees business owners from critical administrative tasks such as books and accounts reconciliation. Toronto-Dominion Bank empowers the small-business community during these challenging times.

At present, the bank stock is trading at \$64.43 per share and pays a 4.94% dividend. If you have \$100,000 savings to invest today, you'll be receiving \$1,230 every quarter. This schedule of payment will hold for the next 100 years or more. Concerning the compounding effect, your money will be worth \$333,830.87 in 25 years.

Make the right moves

Being in your 40s with zero savings isn't the best situation. Start taking control of your finances by making the right moves. Your retirement life should be a blast 20 years from now.

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