



No Savings? No Problem! Do These 3 Steps 1st

Description

Many will not save money unless there is real urgency. The 2020 pandemic will change people's attitudes and encourage them to prioritize financial health going forward.

Millions of Canadian workers could not endure the [financial squeeze](#) if not for the government's COVID-19 Response Plan. Can you imagine what it would be like if there were no federal aid and you had no savings? Perhaps now you have the motivation to start looking out for your financial well-being and not be over-dependent on dole-outs.

You can follow a three-step guide that is simple and realistic. It can prepare you for future crises as well as help you achieve your short- and long-term goals. More importantly, you will develop financial discipline and learn to distinguish needs from wants.

Build emergency savings

If you haven't heard of the 50/30/20 budget rule, it's high time you learn the proven way to build your emergency savings. The key is to allocate 50% of your disposable or after-tax income to the payment of needs, mortgages or debts, and recurring living expenses.

The remaining 50% can be interchangeable between wants and savings. Whether you set aside 30% or 20% for savings, it must be consistent and without fail. If you can save \$1,000 per month regularly, you have a \$12,000 emergency fund in a year. In 20 years, you'd have a cash hoard of \$240,000.

Pay down debt

People are not saving enough, because they keep accumulating debt. You can turn your financial situation around by paying down, if not paying off, your debt. The earlier you can eliminate debt, the faster you can increase your emergency fund.

As much as possible, obtain only good debt that has lasting value. Examples are mortgages, home

equity loans, and student loans. Please avoid using your credit on things that quickly lose their importance. Still, your ultimate objective is to be debt-free.

Invest in dividend stocks

The third and last step is [turning your savings into a fortune](#). Dividend investing will enable you to grow your cash stockpile some more. Telecom giant **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is the hands-down choice in the post-pandemic. The business should flourish in the evolving world.

With a market capitalization of \$51.6 billion, BCE is the largest telecom in Canada. Its 5.77% dividend can produce an income of \$1,442.50 from a \$25,000 starting capital. The value of your investment will nearly triple in 20 years. BCE has a dividend streak of 11 years.

Reliable internet access is most vital in the changing work environment. The Canadian Radio-television and Telecommunications Commission is likely to relax rules on BCE and the two other telecom giants because of the shift to remote work.

The recent 77% cut in rates (retroactive 2016) restricts telecoms from investing in high-quality networks or upgrading current ones. If the regulating body reverses the ruling, expansion in far-flung rural areas can proceed. Aside from wireless voice and data communications services, BCE engages in big media and sports operations.

Flip-side

The flip-side of COVID-19 is that people saw the consequences of having no savings at all. You can fix the problem and improve your financial situation with three simple steps.

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2. Investing

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Date

2025/07/04

Date Created

2020/09/02

Author

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