# No Savings at 50? Don’t Worry: Do These 3 Things

### Description

Most Canadian seniors need to save at least 67% of their previous income before retiring. The reason is that the Old Age Security (OAS) and Canada Pension Plan (CPP) will only provide about 33% of the average pre-retirement income.



If you’re in your 20s, 30s, or even 40s, time is on your side. You have enough leeway to start stashing some cash for retirement. However, if you’re 50 and with no savings, you have 15 years at best to build a sufficient retirement fund. Generally, people claim the OAS and CPP at age 65.

The situation appears worrisome, although you still have a decent window to catch up. There are three things you must do to ensure you achieve financial independence and live comfortably in retirement.

## Don’t push the panic button

Your window to save enough is narrower in this situation. You’re in the pressure cooker, but it doesn’t mean you need to push the panic button. Panic will only distract you from your objective. Instead, take the bull by the horn and focus. Do some honest assessment of your financial condition and see where you can free up some cash.

## Be frugal and save

The problem with no savings at 50 is that you’d probably work longer beyond your target retirement age. It will help because you can save hundreds of dollars more with the extended period. However, it would be best to cut down on expenses. Save whatever free cash you can generate from your frugal spending.

## Grow your savings

The last and vital thing you must do presupposes you’ve also paid down your debts, which are obstacles to financial freedom. Let your savings work for you by using the money to invest in a high-yield bank stock like the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

Remember that setting aside $1,000 per month will result in $180,000 cash savings in 15 years. Assuming your seed money is $12,000 (first year), the income you generate from Scotiabank's 6.51% dividend is $781.20. Follow this saving and investing pattern yearly, and you'll see your money grow due to the compounding effect.

Scotiabank is the practical choice if you're building a retirement fund. Aside from paying the highest dividend in the banking sector, its dividend track record is an incredible 188 years. The market capitalization is $67.75 billion, which makes Scotiabank the third-largest bank in Canada. The payouts are sustainable, because the payout ratio is less than 65%.

## Retire with confidence

Canadians are living longer these days, with the current life expectancy of 82.52 years. Thus, the financial struggle is imminent when you retire with only the OAS and CPP as anchors. Retirement life is harsh and full of surprises. It would be best if you hedged against the rising cost of living expenses and inflation.

Since you're 50 with no savings, the last thing you want is to retire with a considerable shortfall in cash. The remedy is not to panic, commit to the process, and follow through. You'll have the confidence to retire at 65 and take it easy the rest of the way.



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**Date**
2025/07/04
**Date Created**
2020/09/11
**Author**
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