



## 3 Ways to Reduce Your Monthly Expenses by Hundreds!

### Description

The income of many Canadians has been reduced during the COVID-19 pandemic. Here are three ways you can reduce your monthly expenses with little impact on your daily life, followed by a tip to [boost your monthly income](#) with the savings.

### Switching plans for your phone

Some people have switched to working from home during the pandemic. If you're one of these people, you might be able to switch your cell phone to a lower-cost data plan or even switch to a talk and text plan (and use the internet at home for data instead).

Look around for promotion plans offered by different service providers. For example, check out Koodo, Virgin Mobile, Fido, and Freedom Mobile.

If you still have a landline, you could cut that too and solely use the cell phone.

Across family members, this act can lead to hundreds of dollars of savings a month!

### Cut the cable

If you haven't joined the cord-cutting crowd, feel free to. Telecom providers often offer the TV and internet in a bundle, highlighting cost savings by doing so. What can save you more than cutting out the TV altogether?

It's not like you'll have to give up your TV. Many Canadians have cut the cord and switched to online entertainment through cheaper subscription services like **Amazon Prime**, **Disney Plus**, or **Netflix**.

If you can't skip the news, you can continue to access it from websites such as *CTV News* or *Global News*. Financial news can also be accessed online through sites like Yahoo Finance.

## Manage your loans to pay less

The interest rate has declined meaningfully. The overnight rate has declined from 1.75% in early 2020 to 0.25%.

Refinancing your mortgage to a lower rate could save you hundreds of dollars a month. Even if your mortgage is not up for renewal yet, you may be able to work out something with your financial institution to lower your mortgage rate and pay less every month.

Here's another tip. Always aim to pay off your highest interest rate loans first, which will likely be your credit card. Credit cards often charge interest rates of about 20%.

That's better than the average long-term stock market returns of 7-10% and pretty much the long-term returns that legendary investors like Warren Buffett generate!

So, if you pay off your credit cards in full every month, it's as if you're getting legendary investment returns.

## What to do with the hundreds in monthly savings

The hundreds in monthly savings are yours to keep. But wait! You can get that money to work for you to increase your monthly income! Start by investing in [cheap dividend stocks](#) like **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)).

The large-cap energy infrastructure company estimates its 2020 adjusted EBITDA to be about \$3.3 billion, which will be sufficient to fully fund its capital investments of \$785 million and its dividend for 2021.

Any extra cash could be used to reduce debt or buy back shares. Both of which will give Pembina more financial flexibility down the road to grow the business.

Pembina has maintained or increased its dividend since 1998. Its highly contracted cash flow that's diversified across 200 customers, and an adjusted cash flow payout ratio of 61% help keep its dividend safe. Currently, it yields 6.9%.

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