Feeling Behind on Your Retirement Savings? Here Are 7 Popular Ways to Catch Up

## Description

For some Canadians, it's going to take a miracle for them to retire — and that's by no means an exaggeration.



According to Natixis' ninth annual Global Retirement Index, around 25% of Canadians surveyed claimed it was "going to take a miracle" to retire securely. Among their most common concerns were rising governmental debt, low-interest rates, and, yep, high inflation.

If you're looking for a miracle, you could be looking for a *long* time. For everyone else, I have news for you — miracles aside, you can still catch up on your retirement savings. How does that work? Here are seven popular ways to make it happen.

# 1. Set a savings goal and automate it

There's almost no way around it: If you're going to catch up on your retirement savings, you have to save money — a *lot* of money.

Perhaps the best way to maximize your savings is to build a savings goal in your budget, then set up automatic withdrawals from your chequing to your savings account.

What that means is this: Instead of building a budget around your monthly expenses (the conventional way), you start with a savings goal. You treat your savings goal like a fixed expense plan your variable expenses around it.

When the money hits the bank, your automatic withdrawal will move your savings amount from your chequing to your savings instantly. In this way, you're less tempted to spend the money you know you should be saving.

## 2. Cash in your home equity

This is certainly a popular way to catch up on your retirement savings, but by no means is it right for everyone. If you cash in the equity on your home, you still need to find a place to live — ideally one that's cheaper than the one you live in now. And, with the housing market still red-hot, you might not find a great deal.

That said, plenty of people have sold their homes for eye-popping prices, then downsized in remote areas where the housing market isn't outrageously hot. You can make this happen, but it might take some strategy.

## 3. Minimize spending

Most of us, if we're honest, can deflate our budgets by a few hundred dollars. Of course, it's easier said than done, especially if you're accustomed to certain luxuries (like eating out). But if you're going to catch up on retirement, this is one area where you can't get complacent.

So take a look at your monthly expenses. Look for easy culprits: cancel subscriptions and memberships, cook meals at home instead of eating at restaurants, postpone purchases you can't afford (if you're tempted to use "buy now, pay later" services, you know you can't afford it).



## 4. Ask for a raise

If you can't cut expenses from your budget, then you can do the next best thing — increase your income.

You could do this in a number of ways. The simplest might be to ask your current employer for a raise. If that's not possible, you can always change employers, especially when it means getting a promotion or pay rise.

Alternatively, you could pick up a side hustle or part-time job. With gig work back in full swing, you shouldn't have a problem finding a job that fits your schedule.

## 5. Maximize RRSP contributions

Once you've freed up your income (or increased it), I would focus on maximizing your RRSP.

You can contribute up to 18% of your previous year's income to your RRSP (up to a limit of $27,830 for 2021). But here's the rub; if you didn't contribute the maximum to your RRSP in years past, you have unused contribution space. So, not only can you contribute this year's maximum, but you can also fill up your unused space.

RRSPs come with some glorious tax benefits, such as tax deductions on your tax filing and tax deferrals on your earnings.

## 6. Do the same to your TFSA

When you maximize your RRSP, then turn your attention to your Tax-Free Savings Account (TFSA). Like an RRSP, your TFSA's unused space accumulates over time. Typically, your RRSP will have more contribution space, but your TFSA has a good amount, too.

## 7. Push retirement back a few years

Finally, if nothing else, you can always postpone retirement.

In fact, for many people, postponing retirement might be a good idea, no matter how much they have saved. Numerous studies have shown that retirees who retire too early sometimes suffer from clinical depression, or even health risks from lack of physical activity.

Aside from your health, postponing retirement will also give your pension a boost. The longer you put off retiring, the higher your pension payouts will be, not to mention that you'll give your investments more time to grow.



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