



## Are You Part of the 76% of Canadians Who Feel Financially Secure? Here's How to Make the Most of a Good Situation

### Description

Take a second and scan the headlines of your favourite news outlet, and you'll likely think the world is near its end. Ukraine has been invaded by Russia. The planet is significantly warmer. And truck drivers stormed the capital and blocked bridges — in *Canada*.

Given the protests, the anger, the frustration, the negative headlines, you'd think our well-being would be at an all time low. But it's at a record high in one surprising regard: our finances.

Yes, according to a [financial well-being survey](#), over three-fourths of Canadians are feeling fairly good about their money right now. That's even in the midst of high inflation and market volatility.

But don't get too comfortable. Though you might be in a good money situation in 2022, good things don't often last long. Instead of squandering this opportunity, here are a few ways you can make the most of it.

## 1. Give your emergency fund a boost

Ideally, you want at least three months of emergency savings sitting in an account that's easy to access.

But if you have money on hand, perhaps it's time to beef up your emergency fund. At the very least, you could help it keep pace with inflation. Because your emergency savings aren't invested in stocks or other assets, they're likely not going to keep pace by themselves. Topping your fund with a 4.8% boost wouldn't hurt, especially since high inflation is likely to stay in 2022.

## 2. Get out of high interest debt

It's no secret that credit card and personal loans have some of the highest APRs out there. With interest rates around 19.99% on most credit cards, you can easily squander your paycheck on little

more than credit card interest.

To reinforce your finances during a good time, consider paying off your high-interest debt. You can do this through any debt-repayment strategy you want (I suggest the debt roll-over plan). But one solution that could help you save money is a [balance-transfer credit card](#).

With a balance-transfer credit card, you take high-interest debt from one card (or several) and throw it on a card with a low-promotional APR. The low APR doesn't last forever, so you'll want to be strategic with how much you pay off. But if you pay most or all of your credit card debt before the promotional period ends, you'll save a tonne in interest — enough to help you balance out inflation.

### 3. Invest more of your income

Once you give your emergency fund a boost, now might be a great time to give your RRSP and TFSA a boost, too. In fact, given the market's volatility, now might be the best time to buy stocks: prices are down, meaning you can likely find high-quality stocks on discount.

Of course, if picking stocks in volatile times makes you nervous, you can invest in something safer, like an index fund or ETF, both of which track a broader market.

Index funds and ETFs can help prevent you from choosing a stock that *really* tanks. Because volatility affects companies differently, you might pick a stock that gets hit harder than most, sinking your portfolio with it. Index funds and ETFs are made of numerous companies: they have diversification built in. While the value of the fund might fall, it's likely not going to tank as fast as an individual stock.

### 4. Donate cash

Let's be real: most of us are fairly selfish about our money. But if you want to do something nice, you could donate cash to the 24% of Canadians who *don't* feel financially secure.

And no — I'm talking about giving money to Wikipedia (don't believe them: they have plenty of money). I'm talking about making cash donations to charities or helping out friends and family with less security than you.

### 5. Buy yourself something nice

Finally, let's not be too stingy: if you've accomplished the four things above, maybe you deserve a little extra money to spend. And don't feel guilty about it, either: you earned it!

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