



TFSA Investors: Advice From the 1%

Description

When it comes to the top 1% of income earners in Canada, clearly, they are doing something right. Take Kevin O'Leary as an example. O'Leary is a businessman and a television personality, infamously known for his role as a Shark on ABC's *Shark Tank*.

In an interview with CNBC, O'Leary gives practical advice on saving and investing. "When you make money, I don't care if it's a gift for your birthday present, or you have a job on the side, or you're scooping ice cream, or whatever it is — you have to take 10% of your paycheck every two weeks and invest it."

To further this train of thought, I believe that the reason why people are not wealthy is due to a lack of discipline, not a lack of money. O'Leary bolsters this argument by saying that he would never spend \$2.50 on a cup of coffee as it costs \$0.20 to make.

You may be wondering how this can be applied to your life. I will be sharing some of my saving strategies coupled with a stock recommendation.

Saving is the name of the game

I used to be a terrible saver. I was so bad that my picture could have been easily placed next to the definition of "frivolous spender." Many years later, I have honed a technique of discipline that has allowed me to enjoy a high quality of life while saving for the future.

The way I achieve this is through an automatic savings plan. An automatic savings plan withdraws money from your chequing or savings account and moves it to another account that you set up. The goal of this is to reduce the amount of discretionary money in your account so you don't make frivolous purchases. One bank that offers this service is Tangerine.

Depending on your financial situation, 10% savings should be the minimum with higher percentages being preferred. Further to this, I recommend coming up with financial goals to incentivize you to save. One method I use is the visualization method, whereby I draw a picture of my goal and a winding path

leading up to it. I divide the winding path into increments of \$50, and every time I save \$50, I colour in one of the sections.

A stock to invest in

Park Lawn ([TSX:PLC](#)) provides goods and services associated with the disposition and memorialization of remains in Canada and the United States. The company owns and operates cemeteries, crematoriums, and funeral homes, and funeral services business. The United States accounts for the majority of its revenue.

The reason why [I like Park Lawn](#) is because the industry is growing and the company is financially solid. As the population in Canada and the United States ages, there will be an increase in the number of deaths each year. As such, there will be an increase in demand for Park Lawn's services

From a financial perspective, total revenues have increased from \$67 million in fiscal 2016 to \$161 million in fiscal 2018. This is complemented by flat but consistent net income of \$7.5 million in fiscal 2016, \$4.2 million in fiscal 2017, and \$6.7 million in fiscal 2018.

Foolish takeaway

With an automatic savings plan, you will be able to set aside a portion of your earnings without the inevitable internal struggle of deciding how much and how willing you are to save. This coupled with an investment in a [company such as Park Lawn](#) will allow TFSA and RRSP investors to effectively save money for financial goals.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:PLC (Park Lawn Corporation)

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1. Business Insider
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Date

2025/06/30

Date Created

2020/01/30

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