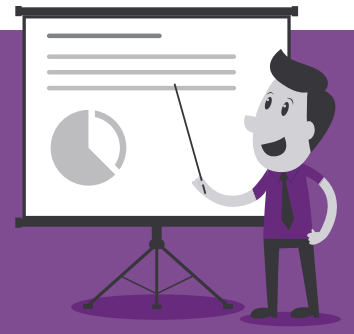


HOW TO SAVE FOR RETIREMENT



There are no fixed rules for saving except this: start as soon as you can. Your savings will grow over time.

Once you've decided that you want to save, how do you go about it?

Keep these tips in mind:



- **Make a plan for your spending and saving.**

- Plan for the spending you need, but spend wisely.
- Cut back on spending on “wants” that are not very important (e.g., soft drinks, games, toys). Put the money you save into a separate account like an emergency fund or towards your mortgage.
- Focus spending on things that you really need and that will help you in your future (good quality items that will last, an affordable home, education for a better job).
- Set specific goals and work toward them.



- **Pay off expensive debts.**

- If you're paying high interest or fees, it's harder to save any of your income. Pay down any debts that cost more than your savings will earn. For example, if you're paying 18 percent interest on a credit card, and you're thinking about a savings plan that will pay 4 percent interest, you'll be much further ahead if you pay off the credit card first.



- **Pay yourself first.**

- Set aside money from your income before you spend on anything else. Use what's left to pay for other things. You'll still be able to do most of what you want without feeling you have to scrape together enough to save.
- How much should you save? Some experts say to save 10 percent of your take-home pay if you can. If you can save 15 percent, you'll quickly get much further ahead. But if you can't save that much, set a realistic target and work to reach it.
- If your income goes up, put some of the increase (most of it, if you can) into your savings. It will be easier to do this before you get used to spending the extra money.



- **Grow your savings over time.**

- Make a regular contribution toward your savings. To make it easy, set up an automatic monthly transfer to your savings account.
- As your savings grow, get professional advice on how to get the best return on your savings.

HOW TO SAVE FOR RETIREMENT



- **Use tax shelters and other ways to keep the maximum amount of your savings.**

- Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSAs) are a good way to reduce (or defer) the taxes you pay on your savings.
- Registered Education Savings Plans (RESPs) are great if you are saving for a child's education, because the federal government and the government of Quebec will add to your contribution when you put money in a Registered Education Savings Plan.
- Tax matters can be complicated, so get expert advice on the best ways to use registered plans.

COMPOUND INTEREST

An important key to growing your savings is the amount of interest (or other income) you can earn with it. Interest is money a financial institution pays you when you deposit your money. Usually, you receive compound interest—that is, the institution pays interest on the interest they have already paid you. This helps your savings grow even faster.

These general guidelines depend on your personal circumstances.

Disclaimer

The information provided is not intended as complete financial advice. This information is only intended to give a brief summary of the topic for discussion purposes. It is recommended that you speak with a financial expert who can provide more detailed financial advice based on your individual situation.

Source: fcac-acfc.gc.ca - Financial Consumer Agency of Canada (Government of Canada)

