

PROFIT MOOSE'S 3 STEPS TO FINANCIAL SECURITY

STEP 1 EMERGENCY FUND IN A HIGH INTEREST SAVINGS ACCOUNT

Details: Minimum \$3000, or three months of expenses, pick a number and stick with it

Purpose: Protection against sudden financial burdens that may force you to take high interest debt

Step 2 MAXIMIZE CONTRIBUTIONS TO TAX-SHELTERED ACCOUNTS

Details: \$5,500 per year to TFSA, check your contribution maximum on the Canada Revenue Agency website.
RRSP – AT LEAST contribute enough to get the maximum employer contribution (typically 5%)

Alternate: Contribute the maximum to your employer's pension plan

Step 3 INVEST TAX-SHELTERED MONEY IN LOW-COST INDEX FUNDS

DO NOT leave your TFSA contributions as cash. You will LOSE money to inflation. Invest in low-fee ETFs and always reinvest your dividends. As you get older contribute slightly more to bonds

HOW TO DISTRIBUTE \$50,000

20% Vanguard Canada All Cap (VCN) - \$10,000
70% Vanguard Global excluding Canada (VXC) - \$35,000
10% BMO Aggregate Bond (ZAG) - \$5,000

MORE TIPS

- Before step 2 make sure to pay off high interest debt (>5%) such as credit card debt
- Buy real estate, but get a smaller place than you think you need
- Live closer to work to reduce your commuting time and cost
- Spend money where you spend your time
- Cultivate a love for free/cheap activities such as libraries and family time

WHY BOTHER WITH ANY OF IT?

Freedom. Don't get stuck in the rat race. Life is short and you need to maximize your time doing what matters

Read more at www.profitmoose.com