



How to save for your financial goals now

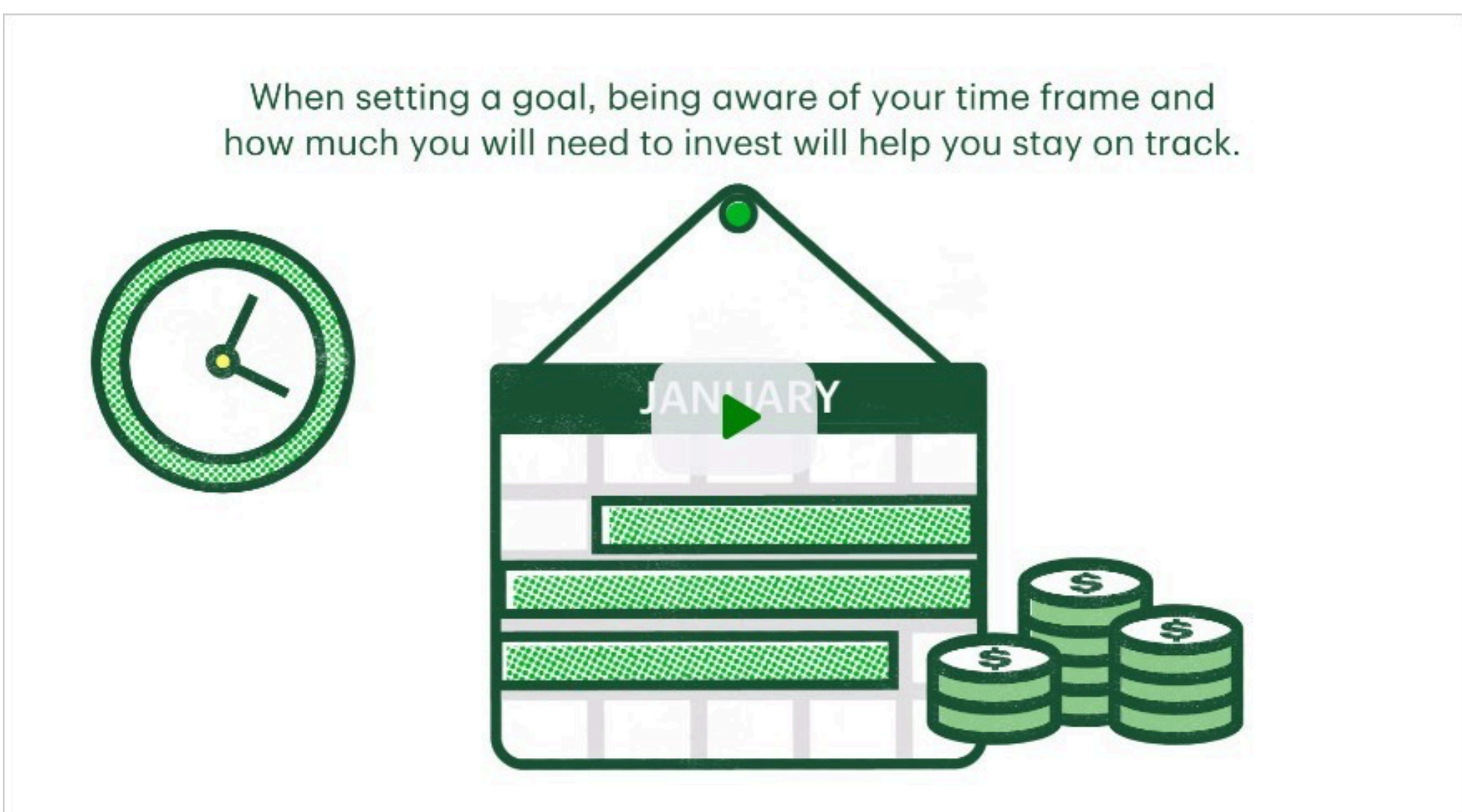
While there is no doubt that COVID-19 has had a significant economic impact, with many individuals losing their jobs and businesses facing uncertainty, almost one half of Canadians report that they have experienced little to no impact on their finances during this time¹.

In fact, there may be many of us who are actually cash-flow positive right now, as we're spending less on things like commuting, eating out, and shopping. You may even be dreaming about what that extra money could go towards.

"We know that some Canadians have unexpectedly found themselves in a position to save and it's important for people to know what their options are," says Agnes Vandenberg, Vice President, Personal Savings and Investing at TD. "Obviously for some, it would be for short-term needs such as paying down debt or vacation. But for others, using these savings to further invest in their longer-term goals, such as retirement, could be optimal."

Whether your goals are short-, medium- or long-term, here are some ideas to help you get there with the extra money you've found in your budget.

It's always good to have goals. Especially financial goals. But saving for the future requires smart planning — knowing how much to invest, how frequently, and for how long — in order to maximize your return and reach your goal. It's also important to keep on track with that plan. Explore a few different investment formulations with [this interactive video](#).



Have questions or need advice? Our personal bankers will work to understand your saving and investing goals and can help develop a financial plan that puts you on the right course. [Book an appointment](#) to get started.

Short-term financial goals

You may be realizing a savings of hundreds of dollars a month because you're no longer commuting, paying for parking or filling up your gas tank as often. Maybe you're thinking that, if you start saving now, you could have enough money in a few years for a new car. Or new living room furniture. Or a wedding.

When saving for short-term goals, you want your money to grow with little to no tax implications, but still be available when you're ready for it. Consider using a **Tax-Free Savings Account (TFSA)**. A TFSA is a registered savings plan that can help you save money and have it grow tax-free for your next big-ticket item or event.

You might think of a TFSA like a basket where you can hold qualified investments that may generate interest, capital gains and dividends, tax-free.

You may also consider opening a **Growth Savings Account (GSA)**. A HISA pays a higher rate of interest than a simple chequing account and is intended to be used to save money rather than for daily transactions. A HISA can be a great way to save for an emergency fund, if you don't already have one.

Medium-term financial goals

Many Canadians are itching to get out with friends, celebrate milestones, take in a movie or spend an afternoon shopping, but one bright side to not being able to do that is we can count up all the money we've saved by eating at home, watching old movies and staying away from the malls. The average Canadian spends more than \$200 per month on eating in restaurants alone². Consider saving up that money for a heftier goal a little farther down the road, such as purchasing a home, getting a graduate degree, or starting a business.

A TFSA could also be a good savings vehicle for medium-sized goals, as new contribution room is made available annually, and you can carry forward any unused contribution room from previous years.

An RRSP is a savings plan, registered with the Canadian federal government, that you can contribute to for retirement purposes. Any income earned from investments held within the RRSP can then grow tax-deferred until it's withdrawn. RRSP contributions are tax-deductible, meaning they can be deducted on your current year tax return, potentially reducing the total amount of taxes you pay.

While primarily used to save for retirement, your RRSP can offer some other benefits, including [saving to purchase your first home](#). The Home Buyers' Plan allows you, subject to eligibility and conditions, to borrow up to \$35,000 from your RRSP to put towards the purchase or build of a qualifying new home, as long as you pay the money back into your RRSP within 15 years.

Your RRSP also offers the ability, subject to eligibility and conditions, to borrow up to \$20,000 to pay for education or training under the Lifelong Learning Plan program.

Long-term financial goals

Maybe you've gotten into the habit of going for a run at lunchtime or maybe it's virtual yoga first thing in the morning. After all, you want to live a long and healthy life. However, a longer life means saving enough money so that you can enjoy it. With the money you may be saving from your gym membership, consider using that money to save for your later years and your retirement.

"Get into the habit of investing with as little as \$25 per month," says Vandenberg. "Over time, the automated contributions will compound and could help you reach your financial goals sooner."

For an idea of how much you'll need at retirement, and how to get there, you can use our [Retirement Calculator](#). Your retirement plan should be developed with [a personal banker](#) who takes into account all the potential streams of income you'll have during retirement, how much you can save, and how you will be taxed. Your streams of income could include government income, a company pension and personal savings like those in your RRSP, TFSA or other investments.

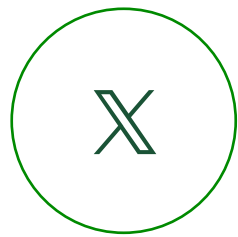
With the help of a financial professional, you can find savings and investments options for your time horizon, risk tolerance, and financial goals. Even if you think there's no extra money in your budget right now, speaking with a personal banker may help you identify ways to help you save towards your financial goals.

Legal

¹ <https://www150.statcan.gc.ca/n1/daily-quotidien/200420/dq200420b-eng.htm>

² <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110022201>

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