

# PAY YOURSELF

## Grow your wealth with one simple habit

If your goal is to accumulate wealth, there's one standout way to see your net worth rise. It's not market returns, the latest hot stock picks or investing trend. It's much simpler than that. The most powerful and reliable way to build your wealth and secure your future, and that of your family, is to make a regular savings plan – and to stick to it. Saving a percentage of your pay every month ranks right alongside meaningful relationships, a good education, and keeping fit, as the most important life decisions that add to happiness.

Establishing a savings discipline doesn't need to be complicated either. All you need is a safe place to park your money, whether it is a separate bank account, an RSP, TFSA or Cash Account. Once you've established where to put your funds, it's just a matter of how much you plan to save every month. Standard practice is 10-20% of every paycheck. Some people save less, others are more aggressive.

The amount you save is almost secondary to the act of doing it. It's much like exercise; most people start off gently and build toward fitness. We feel the same about saving. A realistic amount makes for a much higher savings success rate. What is the goal of saving? It's a path to asset ownership. That could be saving to buy a house, equities, bonds, or a stake in a business. Asset ownership is how wealth is accumulated and then grows over time. The younger you start the better. Here is a visual reminder of how extraordinarily powerful starting early can be.

	Age Saved	Total Years Saved	Annual Amount Saved	Rate of Return	Final Age	Final Amount
<b>Investor A</b>	Age 19 – 26	7	\$2000/year	10%	65	\$930,641.00
<b>Investor B</b>	Age 26 - 65	39	\$2000/year	10%	65	\$893,704.00

As you can see, Investor A's early start as a saver paid off handsomely.



If you haven't yet developed a savings discipline, our recommendation would be to save 10% of every paycheck. We would then use those funds to buy a good quality equity mutual fund every month to get the power of "dollar cost averaging" working for you. Dollar cost averaging is a formidable savings tool -- it forces you to be disciplined, smooths out market volatility, and it gives you the peace of mind that your precious savings are being administered properly. We see it as a powerful under-used investment tool.

Ease is a huge part of a successful savings plan. Our busy lives can sidetrack us from proper decision making around wealth creation. Once your plan has been set up, it requires little maintenance. It just needs the initial action and to roll out each month. In today's connected world, that can be achieved with minimum effort. Your savings plan should be effortless, there's no need to complicate things.

The habit of saving is a foundational tool for wealth creation. Much like you can't build a home without a foundation, you can't build your net worth without a savings discipline. The earlier you start the better.

Please reach out to our team if you have any questions or comments about this article.

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