



The guide
to maximizing
your money

Jump-start your wealth

Understand your money

When you were a kid saving spare change in a piggy bank, the concept of money seemed so simple: You saved it, then you spent it. As adults, money is still a resource to buy things, but it may also be used as a tool for growing your wealth (to purchase a home, for instance, or fund your retirement). You don't need to be an investment pro to start putting money aside for the future – you've already got one major factor on your side, and that's the benefit of time. Read on to learn more about the first steps to getting your finances working for you.

Build your budget

[The 50/15/5 rule](#) is a popular rule of thumb for spending and saving. [page 3](#)

Grow your wealth

Start early to watch your money multiply through steady saving and investing. [page 4](#)

Maximize your money

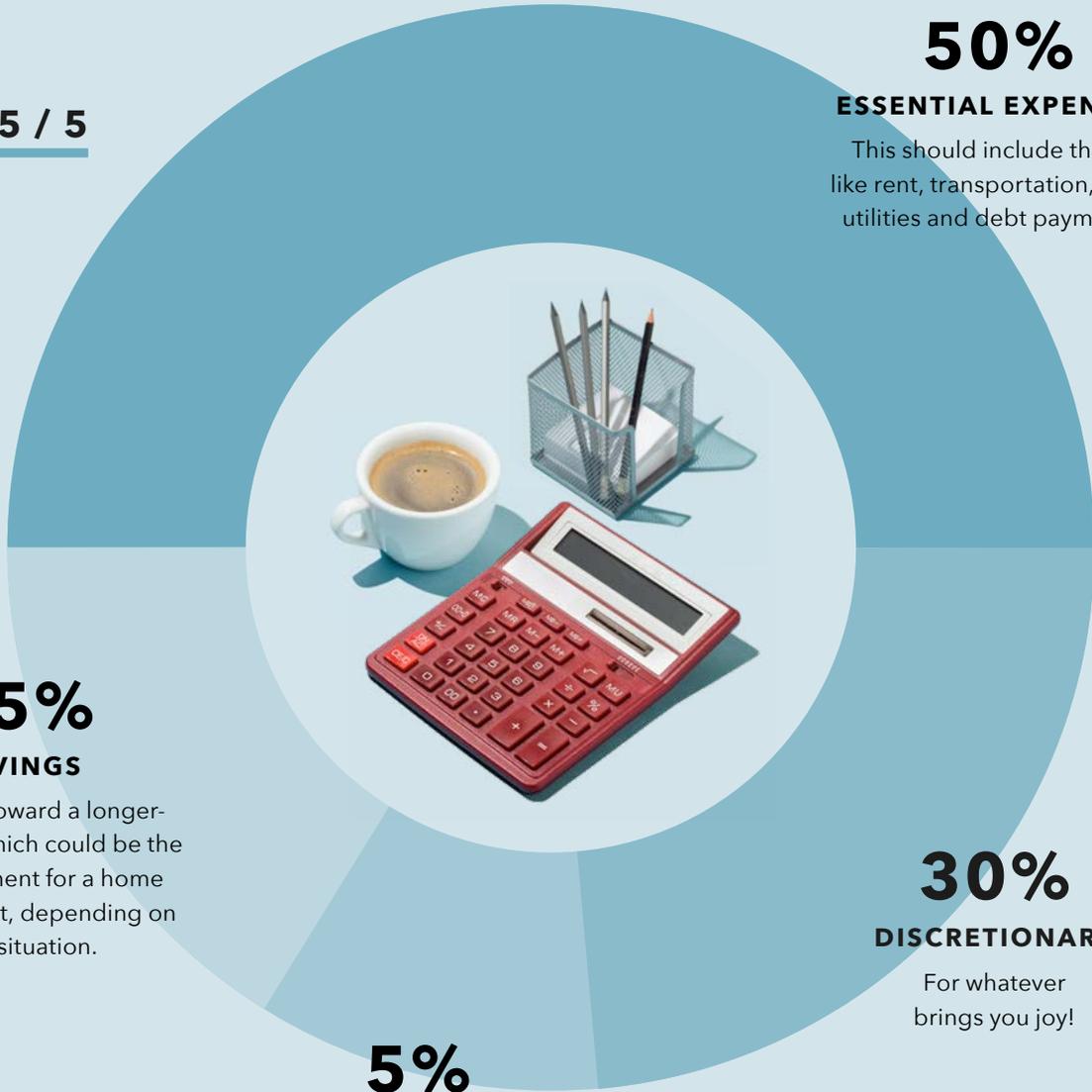
Tips to help you make the most of your hard-earned cash. [page 5](#)

Key takeaways

A checklist of the most important points. [page 7](#)

Build your budget

THE
50 / 15 / 5
RULE



50%
ESSENTIAL EXPENSES
This should include things like rent, transportation, food, utilities and debt payments.

15%
SAVINGS
This goes toward a longer-term goal, which could be the down payment for a home or retirement, depending on your situation.

30%
DISCRETIONARY
For whatever brings you joy!

5%
EMERGENCY FUND
For out-of-the-ordinary expenses (like flat tires).

Pay yourself first

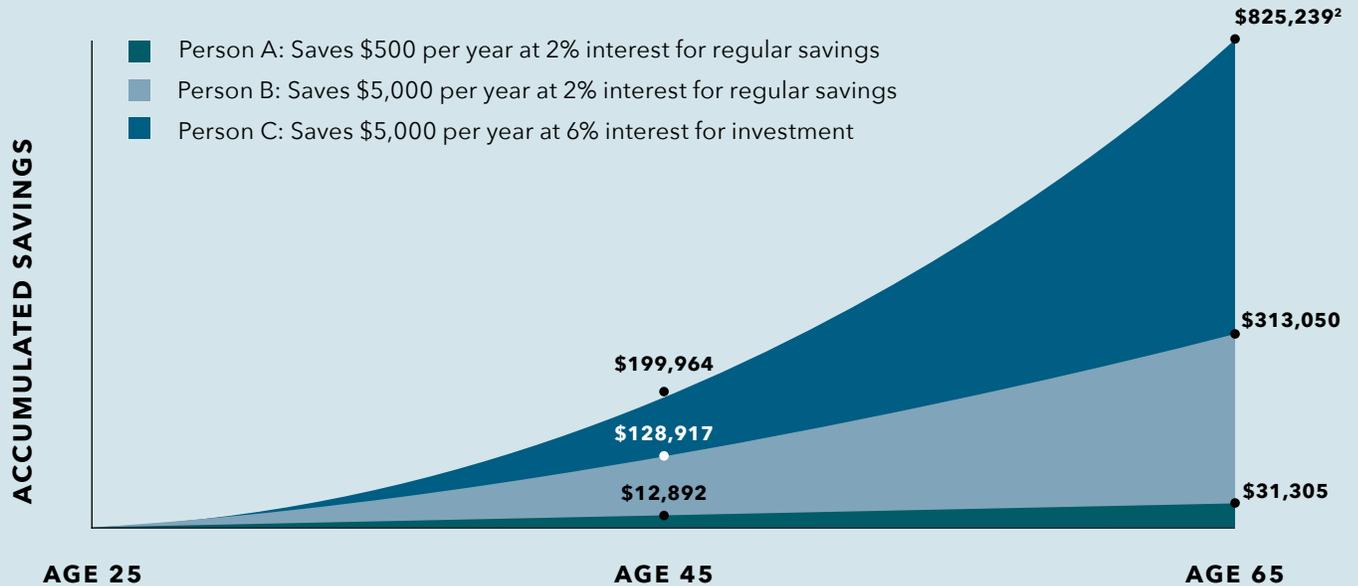
Don't think of saving your 15% as depriving yourself of those funds. Think of it as paying yourself first: Before the online shops, before the sushi joint down the street, you're securing some of your hard-earned money for yourself, and you'll want to make sure your long-term savings are growing with an investment strategy. If your cash is just building up in a regular bank account, its value may be eaten away by inflation.

EXPERT TIP

It sounds obvious, but it's a common case: If you're spending more money than you're making, you'll never be able to save (and are likely to end up carrying debt). Use a smartphone budget tracker (your bank's app may also offer a budget feature) to make sure you're not spending above your means.

Grow your wealth

Tossing up whether to invest or save those extra dollars? Below you'll see the difference this decision can make in the long term.¹ Person C's wealth has grown exponentially, just from choosing to invest \$5,000 per year.



Calculate and visualize the potential wealth growth of your investments with Fidelity's [investment growth calculator](#).

Find the funds

More savings and investments offer more options down the track. Here are a few ways you can earn additional income or make the most of what you're already bringing in.

SIDE HUSTLES

Do you have a skill that can earn you some extra cash? (Hint: Most people do.) Check out one of the dozens of apps for freelancers offering skills, sell your creations or curated finds on Etsy, or even market your skills as a dog walker (while staying active) with an app like Rover.

TAX RETURNS

If working from home, consult an accountant (or do some research) about potential tax credits for things like internet bills, electronics and even part of your monthly rent. You can also help maximize your return with RRSP contributions, or by making a tax-deductible donation to a charity.

BONUSES

Aim to save between 50% and 75% of a bonus from your employer by putting it in an investment account like a TFSA (Tax-Free Savings Account) or an RRSP (Registered Retirement Savings Plan). You can use what's left to buy yourself a sweet reward for your hard work.

EXPERT TIP

"Having a variety of ways you earn an income is a security blanket that can help you feel protected if you were to lose your job or find yourself with more debt than you can handle," says Alyssa Davies, finance blogger at [Mixed Up Money](#) and author of *The 100-Day Financial Goal Journal*. "Focus on making your money work for you in unique ways and expand those income streams to create further financial stability. Investing with returns, having a side hustle, selling products online - each can be considered a source of income."

¹ For illustrative purposes only.

² The rate of return shown is used to illustrate the effects of the compound growth rate and is not intended to reflect future values of a fund or returns on investment in any fund.

Maximize your money

1

FIND YOUR BEST INTEREST RATE

All credit cards are *not* created equal, and interest rates can vary greatly (some can be as low as 8.99%, some over 20%). That can add up quickly if you're carrying a balance, but there are some ways around it:

- Call your bank and ask about transferring your balance to a lower-interest credit card.
- Consider paying off your balance with help from a low-interest personal loan (which could have a significantly lower rate than any credit card). Just be sure to pay off the card in full and pay off the loan before you even think about using plastic again.
- Try a virtual debit card for online purchases (where funds will come directly out of your chequing account).

2

CHECK YOUR CREDIT

Your credit score is an important factor in determining your eligibility for an apartment lease, a mortgage or even a car loan (anything above 650 will generally qualify you for a standard loan). Several banks and apps like Credit Karma let you find out your credit score for free without affecting your current score.

3

OPT INTO EMPLOYER SAVINGS PLANS

As a general rule, consider enrolling in a company-supported RRSP or DPSP (deferred profit sharing plan) if one is available to you. If they match your contribution, that's basically free money. (Don't turn down free money.)

4

NEGOTIATE BILLS

Calling customer service is the *worst* - but is it worse than throwing away your hard-earned money? Pull up your last phone, cable or internet bill and make note of what your usage has been. You could downgrade to a cheaper plan if you're not using all the data or texts. Before you call your provider, compare similar plans being offered by competitors for leverage when negotiating. Next, go through your account transactions. Check for monthly subscriptions you never use - like a music platform you've abandoned or a meal delivery service you're no longer enjoying.



Money psychology

MIT researchers held a silent auction for 500 student participants, letting half bid only with credit cards and half only with cash. The experiment showed that the credit card buyers were willing to bid more than twice as much as those with cash. Disconnecting the reality of paying for something from the reward factor is exactly how credit card balances rack up so quickly.

Maximize your money

5

STAY ACCOUNTABLE

Regularly reviewing your expenses, and making necessary adjustments, may help you reach your goals and financial independence.

Avoid “lifestyle creep”

This is the common phenomenon where you imagine that you’ll be much more financially comfortable once you reach the next salary level, but then it happens and – surprise – you’re still struggling to save or living paycheque to paycheque. It’s called “lifestyle creep,” which is when you begin spending more on unnecessary items as your income increases instead of putting more away toward long-term savings. Here are three ways to keep yourself on track:

- Make a budget, and when deciding on discretionary spending, prioritize experiences over things. Research has shown they’ll be more satisfying in the long run
- If making money from a side hustle, consider saving or investing 100% of it. It might surprise you how much faster you can reach your financial goals.
- You might be waiting for a raise, but it’s best to think wisely about how you spend it. That wage increase could just be in line with inflation, so your cost of living might actually be the same.



EXPERT TIP

KEEP ON, DON'T KEEP UP

“Don’t waste your energy on comparison. I used to try to keep up with people who earned significantly more money than me and regret the time I wasted living a life that didn’t connect with my financial situation,” says Alyssa Davies. “Now I focus on finding the things that make me happy, and as long as I’m achieving those things, there’s no need to worry about what someone else is doing.”

Key takeaways



Know how much money is coming in and going out, then **create a budget** that works for you (the 50/15/5 rule is a simple and effective strategy).



Pay yourself first. By saving 15% a year, you're building a good financial foundation.



Take advantage of simple tricks to save money where possible, and **maximize your hard-earned cash.**



As you progress through your career, **avoid "lifestyle creep."** Try to follow the same discipline and maintain smart spending habits.

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