4 Tips to Get Better at Saving for Your RRSP

Sick of trying to beat the RRSP clock every year? Here are some hassle-free ways to automate your saving

Bryan Borzykowski for Canadian Business || February 21, 2014

Waited until the last minute to save? Instead of haphazardly throwing money at a mutual fund or stock—a choice you may regret later—consider keeping your money in cash while you figure out where it's best invested.

There are two places to stash those buzzer-beating dollars, says Karin Mizgala, co-CEO of Money Coaches Canada. Put it in an RRSP cash account such as a high-interest savings account or short-term GIC, or simply deposit it in a registered brokerage account without buying anything. Neither make you money—at best, a 30-day GIC will pay between 0.1% and 0.9% interest—but at least you won't lose any while you research better ways to allocate it.

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Bruce Campbell, president of StoneCastle Investment Management, suggests buying a cashable GIC, so you can access the funds at any time. Whatever you do, don't forget to reinvest your money in a higher-returning product once you have time to consider. "Do your homework," he says, "but don't miss your window of opportunity."

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If you're sick of trying to beat the RRSP clock every year, here are some easy ways to save that require virtually no time commitment.

Set it and forget it

It's the **No. 1 savings trick**: automatically move money from your bank account into your RRSP every month. Some experts call this dollar-cost averaging, says Daniel Laverdière, senior manager of financial planning and advisory services with National Bank Financial, but it's really about making sure that some saving is occurring on a regular basis.

Go with the group

Use your workplace's group RRSP, if it has one. Money will be automatically deducted from every paycheque and deposited into an account. You can choose the investment—most plans offer a wide range, says Laverdière—but once you pick, you don't have to do anything else. "It's easier to not spend the money if it's taken right away," he says.

Repurpose your non-registered income

If you hold dividend-paying assets in a non-registered account, consider setting up an automatic transfer of that dividend income into your RRSP after the quarterly payout period, says Jon Palfrey, a portfolio manager with Leith Wheeler Investment Counsel. He points out that you're not selling any assets but rather just transferring the income into your registered product. "Roll it over," he says.

Tap into your TFSA

Got money tucked away in your tax-free savings account? Use it in a pinch to fund your RRSP, Palfrey recommends. Make sure that the deduction is worthwhile, and only do it if you don't have cash anywhere else, he says. When you get the tax refund, think about putting it back in the TFSA, if you have contribution room there. If not, you'll have to wait until the next calendar year to return what you took out of your TFSA.

For more tips, read the procrastinator's guide to RRSP 2014 at Canadianbusiness.com