

A no-fuss TFSA

M moneysense.ca/save/investing/tfsa/a-no-fuss-tfsa/

Julie Cazzin

7/31/2017

Me and my TFSA

Chris Upton is 42, married and the mom of two young teens. She and her husband have a combined household income of \$147,000 annually, which includes part-time income from a summer construction business they run together. “We have very little savings in the corporation, or elsewhere,” she says.

Right now, she has a mere \$5,500 in her TFSA account and little more in terms of liquid savings. To this point Upton’s has been focused on paying down her \$260,000 mortgage on her Toronto home. She also has \$38,000 on a line of credit to help grow their construction company, although revenue from the business is taking care of that.

Upton struggled to make ends meet over the past few years, but she’s getting back on a solid footing. She’s on track to make another TFSA contribution—\$5,500—in January. While she’d like to use up more of her contribution room, she doesn’t think she can afford to save more than \$5,500 a year at this point. Her next contribution will bring her TFSA savings up to \$11,000.

“I need a plan,” she says. “I don’t know how to invest and have very little faith in financial advisors because I’ve been burned before, so I’m hesitant to leave my money with them. But at the same time, I want my money to grow with a minimal amount of fuss. I also don’t want to be gauged by fees. I’m busy with our business and really want a simple solution I can do myself in very little time.”

[More of Me and my TFSA »](#)

Ultimately Upton would like to be in a better position herself in 20 years when she hopes to start her own retirement. “Math is not my strong point but I want to grow my retirement savings through a TFSA,” says Upton. “My mother’s just started her retirement and hasn’t saved much.”

Being an only child, Upton knows that she’ll likely have to support her mom in some way in a few years. But for now, she’s concentrating on her own retirement needs. “I just want to get going on the right path with my TFSA investments. I really want that peace of mind that I’m invested in the right thing.”

Pro Tip

Use up your available contribution room and become a couch potato



Chris Upton

AGE: 42

PLACE: Toronto

TFSA TOTAL: \$5,500

STRATEGY: Savings account

Starting with a TFSA is an excellent decision, says Vickie Campbell, certified financial planner with Ryan Lamontagne in Ottawa, but before she rushes in she needs to get her strategy right. “Since the TFSA money is for the long-term—retirement—now’s the time for her to educate herself on investing and look at a strategy that she will understand and be comfortable with,” says Campbell.

Her advice: read up on [couch potato portfolio](#) strategy. This is a passive, DIY low-fee strategy that will diversify her TFSA portfolio and give her a solid 60% equity and 40% fixed income mix—good for a long-term conservative investor like Upton. “There are some model portfolios on the site and she should choose one that uses low-fee exchange traded funds,” says Campbell. “It’s very straightforward.”

[TFSA contribution room calculator »](#)

Stepping back and taking some time now to learn about this simple, low-fee strategy will empower Chris for January 2018 when she makes her next TFSA contribution, says Campbell. “At that time, Chris can go to her local bank and open a self-directed TFSA and adopt the simple couch potato strategy using low-fee exchange traded funds (ETFs),” says Campbell. “Fees will be fairly low and its easy approach will serve her well going forward.”

Campbell also suggests that when she’s setting up her self-directed TFSA account this January, she may want to consider setting up pre-authorized payments into her TFSA on a weekly basis—much like Chris now does with her mortgage payments. The contribution would be \$105 a week and total about \$5,500 at the end of the year. “This would make contributing to a TFSA effortless all year long,” says Campbell.

[The Ultimate Couch Potato Portfolio Guide »](#)

And because Upton hasn’t contributed for several years, she has a lot of back contribution room available to her—\$46,500 to be exact, says Campbell. And finally, when they are able, Chris’s husband could open his own TFSA and make contributions as well.

[Have a TFSA strategy to share? Click here to email us »](#)

More stories like this:

[This TFSA means business](#)

[Here’s how much more a TFSA can help you save](#)

[The passive aggressive TFSA strategy](#)

[TFSA contribution room calculator](#)

[Taxman after your TFSA? Unlikely](#)

[It’s never too late to catch up on your TFSA](#)

[TFSA math can be tricky](#)

[A TFSA high on weed stock](#)