FREE GUIDE – FOR BEGINNERS

Investing Wisely: A Beginner's Guide for Canadians

Emergency funds, RRSP vs. TFSA vs. FHSA, the three-fund portfolio, and the mistakes that quietly cost new investors the most.

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Before You Invest a Single Dollar

The best investing strategy for most Canadians is simpler than the finance industry likes to admit. This guide walks through the order of operations that actually builds wealth — starting with the boring parts most people skip, because skipping them is the single biggest reason new investors lose money.

None of this is personalized advice — it's the general framework we'd want a friend or family member to know before they open their first investment account.

Step 1: Build Your Foundation First

Before any investing: pay off high-interest debt (credit cards, payday loans), and set aside 3–6 months of essential expenses in an emergency fund. This isn't optional — it's what keeps a bad month from turning into a forced sale of your investments at the worst possible time.

Where to keep your emergency fund

A high-interest savings account inside a TFSA — not the stock market. You want it boring, safe, and available the day you need it, even if markets are down 30% that week.

Step 2: Choose the Right Account

Account	Best When…
TFSA	Your income (and tax rate) is lower now than you expect it to be in retirement, or you want flexibility — withdrawa
RRSP	Your income (and tax rate) is high now, and you expect a lower rate in retirement. Contributions are deductible to
FHSA	You're saving for a first home — combines an RRSP-style deduction going in with TFSA-style tax-free growth.

Most people in the $50,000–$100,000 income range should use both: contribute to the RRSP up to the point it drops you into a lower tax bracket, then put the refund — and everything else — into the TFSA.

Step 3: The Three-Fund Portfolio

About 80–90% of actively managed funds underperform their benchmark index over 10+ years, mostly due to fees. A simple, low-cost portfolio of index funds or ETFs has historically outperformed most alternatives, with far less effort:

Fund Type	Typical Allocation	Purpose
Canadian equity index (e.g. VCN, XIC)	20–25%	Domestic exposure, dividends
Global equity index (e.g. XAW, VXC)	50–55%	Growth, diversification
Canadian bond index (e.g. VAB, ZAG)	20–30%	Stability — increase this share as you age

Step 4: Invest on a Schedule, Not a Feeling

Dollar-cost averaging — investing a fixed amount on a fixed schedule, regardless of what the market is doing — removes the temptation to time the market, which even professionals struggle to do consistently. Missing just the 10 best trading days in a decade can cut your total returns roughly in half. The investors who do best are usually the ones paying the least attention to daily headlines.

Common Mistakes to Avoid

- Waiting for the 'right time' to start — time in the market beats timing the market
- Paying 2%+ in mutual fund fees when a comparable index ETF charges 0.2% or less
- Panic-selling during a downturn, locking in losses that would have recovered
- Keeping an emergency fund invested in stocks instead of a safe, liquid account
- Not using tax-advantaged accounts (TFSA/RRSP/FHSA) before a regular investment account
- Chasing last year's best-performing fund or stock

Investing well isn't about finding a secret strategy — it's about getting the fundamentals right and staying consistent. If you'd like help thinking through your specific accounts, goals, or timeline, Services DL offers a free initial consultation.

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