What to do with your money, in order

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Finance Simulator
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How to use this: start at the top and stop at the first step you have not done. That one is yours. Skip anything marked "if" that does not apply to you: those are not steps you are behind on.

1. **Track your spending**: You cannot allocate money you have never measured. This one comes before all of it.
   A common starting split is **50/30/20**: needs, wants, then saving and debt repayment.

2. **Starter buffer**: Yes. A small buffer first, even with expensive debt sitting there.
   Hold roughly **$1,000** in cash before making extra debt payments.

3. **Kill toxic debt**: Pay it off. It is the only guaranteed, tax-free return you will ever be offered.
   Above **8%**, pay it down before investing. Below that, it becomes a judgement call rather than arithmetic.

4. **Emergency fund**: Months of essential spending, in a savings account you can reach the same day.
   3 months if your income is stable, 6 or more if it is not. Keep it in cash, not investments.

5. **Employer match**: It is part of your pay. Declining it is a voluntary pay cut.
   IF YOUR EMPLOYER OFFERS A MATCH
   Contribute at least enough to collect every matched dollar. Nothing below beats it.

6. **Short-term goals**: No. Money with a known date and a short fuse belongs in cash, not in markets.
   Under **5 years**, use a savings account or a GIC timed to the date you need it.

7. **RESP grant**: Worth it, and it is not close. The grant is a guaranteed **20%**.
   IF YOU HAVE CHILDREN UNDER 18
   Contribute **$2,500** per child per year to collect the full **$500** grant. Lifetime cap **$7,200**.

8. **FHSA**: FHSA, clearly. It is the only account that is deductible going in and tax-free coming out.
   IF YOU ARE A FIRST-TIME HOME BUYER
   $8,000 a year to a **$40,000** lifetime cap, then the RRSP, then the TFSA.

9. **RRSP or TFSA**: Whichever bracket is higher: yours today, or the one you expect in retirement.
   High rate now, lower later favours the RRSP. The reverse favours the TFSA, as does a modest retirement income, where RRSP withdrawals can cost you the Guaranteed Income Supplement.

10. **Pick one fund**: One globally diversified, low-fee fund, sized to when you need the money.
    All-equity suits a **15-year-plus** horizon. Shorter than that means more bonds, and the fund family has a version for each.

\+ **Pick a broker**: Any mainstream one. This is the smallest decision of the lot.
Commissions are zero at the majors. Compare currency conversion and account types.

Where this comes from. Assembled from the Financial Consumer Agency of Canada, the Canada Revenue Agency, TaxTips.ca, McGill Personal Finance Essentials, PWL Capital and Vanguard Canada. Nothing here is sponsored and no link on this sheet is an affiliate link. Figures are 2026 rules and limits.

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