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ADRIEN VECZAN/THE CANADIAN PRESS

☛ A low-effort, low-risk way to profit from rising rates - With interest rates set to rise in March, now is the time to engage with your savings. Start by comparing what's available from online banks, Rob Carrick says

[ROB CARRICK](#)

Canadians deserve an A for effort as savers and a D for form and style.

A massive pile of savings has been accumulated in the pandemic as a result of economic lockdowns and it's earning interest that rounds down to zero in many cases. With interest rates set to rise in March, it's time to think about doing better.

How to up your game as a saver is the latest instalment of the Back to Basics series in the Carrick on Money newsletter. You want your savings parked at a bank that reacts quickly and aggressively with its savings rate when the Bank of Canada increases its overnight rate from pandemic lows. Alternative banks are a much better bet than a big bank.

One of the big banks paid 0.05 per cent on savings in the winter of 2022, which compared to 1 to 1.5 per cent at more than a dozen [alternative banks](#). A painfully small number of people have exploited this rate differential.

Asked about the market share of small banks, banking industry consultant David McVay chuckled and said, "not much." For savings and chequing accounts, he said small banks hold about 2 per cent of deposits.

Mr. McVay floated a couple of reasons for this – rates from alternative banks are low, even if they're massively better than big bank rates; and, most savings are held by people aged 55 and older who are more concerned about their investments than savings and less open to trying a different bank.

Now is the time to engage with your savings. The financially fortunate among us have accumulated more savings than they've ever had, and there's an opportunity to put that money to work with higher rates.

Start by comparing what's available from [online banks](#). Look at rates, features and mobile apps. Fees are rare at alternative banks, but keep an eye out.

Opening an account at an online bank can often be done online, with no paper forms to manage. Log into your new account, click on the Transfers button and then look for a link that says something like "manage externally linked accounts."

To set up a link, you just need the institution and transit numbers for the bank where you have your chequing account. Both these numbers are printed on your cheques, and they should be available via your online banking website.

Once the link is set up, you can log into your savings account and either pull money out of your chequing account or push it from savings into chequing. Some alternative banks let you pay bills with your savings, or send e-transfers.

There's generally no cost to using alternative bank savings accounts, which is another way they look better than big bank savings products. I once inadvertently paid a bill from an online savings account at a big bank and got charged \$5. I was distracted and didn't follow the usual protocol, which is to transfer money from savings to chequing and then pay a bill.

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**Up or down,
Watchlist
keeps you
in the know.**

**Scan and keep close
to the markets.**



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The national savings rate as of last fall was 11 per cent, compared to 1.1 per cent at the beginning of 2019. The effort is there, but there's room to improve our execution as savers.

Back to basics

Part One: Now's the time to revisit the [most basic rule](#) of personal finance

Part Two: Would a [20 per cent interest rate](#) get your attention?

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ROB'S PERSONAL FINANCE READING LIST

FOUR TFSA MISTAKES

A helpful list that covers some issues of wide interest to people with [tax-free savings accounts](#). Pay close attention to the point about listing your spouse on your TFSA account.

THE CAR INSURERS WITH THE SMOOTHEST RIDE

The pros and cons of dealing with 18 different [auto insurers](#), based on more than 4,000 customer reviews. Don't be shocked – phone wait times are a common problem.

HOW TO CLAIM HOME OFFICE EXPENSES

All about the two ways to use a [tax break](#) covering the costs of working from home.

TOP PERSONAL FINANCE BOOKS

A greatest hits list of Canadian [personal finance books](#) going back to The Wealthy Barber.

Q&A

Q: Could you please comment on the impact of the situation in Ukraine on North American markets?

A: A military confrontation would hit markets hard because of the resulting uncertainty about the global economy. Stock markets are fragile now because interest rates will rise this year to address resurgent inflation. War in Europe could be the trigger for a downturn. Should you make adjustments in your portfolio to prepare for war? No. A well-designed portfolio is diversified in a way that helps it survive in bad markets and thrive in good ones.

TODAY'S FINANCIAL TOOL

A new financial resource for retirees and their families: [Let's Talk About Money: Senior's Edition](#). Ideas here on how to start important conversations between seniors and their adult children about money, plus info on wills and inheritances, investing, life insurance and more.

THE MONEY-FREE ZONE

Some of the best music I've heard lately is on the soundtrack to the documentary *Summer of Soul*, which is about a historic 1969 music festival in Harlem. Here's a link to [Everyday People](#) by Sly & the Family Stone.

WHAT I'VE BEEN WRITING ABOUT

- A winter 2022 take on the age-old question of whether to [invest or pay down debt](#)
- Families are roadkill on the road to [investor profits](#) in the housing market, and this needs to be fixed
- How [rising interest rates](#) will cool inflation, settle the housing market down and reward savers

MORE ROB CARRICK AND MONEY COVERAGE

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ROB CARRICK'S GUIDES AND WORKSHEETS

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[Million-dollar TFSA calculator](#)

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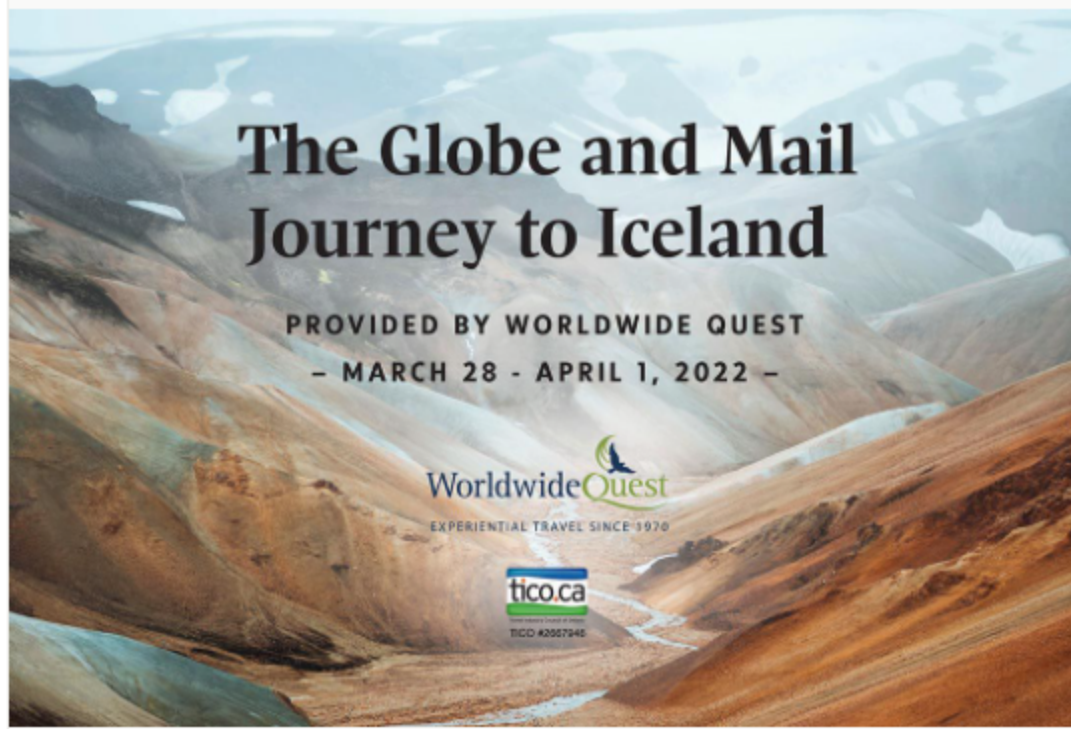
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