



## What Should Your Retirement Portfolio Look Like?

### Description

You know best what your ideal retirement life is and what you're most comfortable owning as your assets. If you're not sure, you should talk to qualified financial advisors. Here are some things you can think about before talking to one.

#### Allocation of assets

Are you happy with the allocation of your assets?

Perhaps your adult children have moved out and you no longer need to live in a house. Instead, downsizing into an apartment may be a good idea with the goal of freeing up some capital for investing.

For your investment portfolio, you may have 90% in stocks, exchange-traded funds, or mutual funds, and 10% in bonds. You may feel it's too risky to have so much exposure to equity and wish to reduce your allocation there and increase your allocation in bonds.

#### Diversification of your equity portfolio

Your portfolio may be overweight in growth stocks that don't generate the income you need. So, you may have to switch some of those out for dividend stocks such as **Enbridge Income Fund Holdings Inc.** (TSX:ENF).

It offers a big yield of nearly 6.4% and aims to increase its dividend per share by 10% per year through 2019. It's rare for a high-yield stock to grow its dividend at such a high rate. So, don't be surprised if you see slower growth in the future.

**Altagas Ltd.** ([TSX:ALA](#)) is another high-yield stock that can grow its dividend at a nice rate. It currently offers a yield of almost 7% and aims to grow its dividend by 8-10% per year through 2021 if its acquisition of **WGL Holdings** is successful.



### **Make use of tax-advantaged accounts**

Even after you retire, your investments can continue to compound for many years to come. So, it makes a lot of sense to maximize your Tax-Free Savings Accounts, so your investments can grow without the hindrance of taxes.

Of course, you may also have Registered Retirement Savings Plans (RRSPs) in which your investments can grow tax deferred if you haven't turned 71 yet, at which time there will be minimum withdrawal requirements each year after your RRSPs are converted to Registered Retirement Income Funds.

### **Keep living expenses in cash**

If your investment portfolio doesn't generate the income you need in dividends or interests (and you rely on booking some profits in capital gains), you should consider keeping multiple years of living expenses in cash or cash-like investments and use a portion of your stock portfolio in higher-growth stocks.

Some retirees keep three years of living expenses in cash, so they don't have to touch their stock investments if the market crashes. For example, a retiree might keep one year of living expenses in cash, and the rest in laddered GICs or money market funds to pay for the cost of living for the next two years.

### **Investor takeaway**

You have to find for yourself the kind of retirement portfolio you need to live the retirement life you want. Exploring the above topics and seeking professional advice from qualified financial advisors will help.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

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1. Editor's Choice

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