



Can You Retire With \$1,000,000? According to 1 Rule, Not Likely

Description

The greatest milestone in a working person's life is retirement. After years of toil and sometimes drudgery, you can live life to the fullest. You have time on your hands to do the things you missed doing while earning your keep. Would-be retirees target at least \$1,000,000 cash on hand on retirement day. But is it enough?

More than filling the hours in a day with activities, the anxiety of many retirees is the depletion of the retirement fund. With the average life expectancy also increasing, there is a need to stretch out the cash reserves. You begin to take [the 4% rule in retirement](#) seriously. However, the concept may not work today, even with a million dollars.

The reality check

When you hear retirees talk about the 4% rule, they are referring to the safe withdrawal rate. Assuming you actually have \$1,000,000 upon retirement, you should withdraw no more than 4% or \$40,000 annually. The same rule applies regardless of the amount of money you have. But the rule is not cast in stone or 100% successful.

Some retirement planners say the rule is an anomaly and should be ignored. They argue the 4% is okay only for the first year. In the succeeding years, inflation needs to be considered. Hence, the retiree should increase the withdrawal rate to be in step with inflation. Or the rate should at least be aligned with the changes in the cost of living.

The 4% rule is only a reminder. With no more regular paychecks coming, the retiree should be mindful of expenses. Any huge withdrawal can dry up the well. What is important is to make sure money is not placed in high-risk investments. This is when the choice of investment is critical if you want your [retirement fund to last a lifetime](#).

Goodwill stock for retirees

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)), one of North America's largest transporters of energy, is the real deal when you're saving up for retirement. In a 20-year investment horizon, reaching \$1,000,000 is a certainty. Since Enbridge pays more than 6.5% dividend, you'll have more upon retirement.

In case you're holding off retiring because you have less than a million, you can accelerate cash flow generation by reinvesting the dividends. The \$95.8 billion oil and gas midstream company has been producing solid revenue streams for the last three years. And there's so much potential for growth in the energy sector.

Enbridge is expected to complete major upgrades in the pipelines that span Canada and the U.S. The natural gas business is also experiencing a boon that would further cement Enbridge's industry position.

If you're invested in Enbridge, then the 4% withdrawal rate can cover day-to-day expenses, medical bills, inflation, and other necessities. The goodwill in excess of the 4% will allow you to spend for travel or the fulfillment of things in your bucket list.

Holding on to Enbridge for the long term is the best strategy to have a retirement fund over and beyond \$1,000,000. Your life would be better during the sunset years.

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