



## Baby Boomers: 3 Easy Ways to Boost Your CPP Payments

### Description

Most retirees are at least a little bit worried about their cash flow situation during their golden years.

Remember, the Canada Pension Plan was never really designed to fully fund a middle class retirement. It was meant to be subsidized by a corporate pension or your own retirement saving. The program is expanding to help the next generation of retirees, but that isn't really much help to someone who is looking to retire in the next five years.

Fortunately, there are still a few ways a soon-to-be retiree can [boost their monthly income](#)! Let's take a closer look at three ways anyone can make it happen.

### Register for other government programs

There are two main federal programs seniors can sign up for: Guaranteed Income Supplement and Old Age Security.

Old Age Security is given to every Canadian senior over the age of 65. There are various rules governing the program, but for the most part it's pretty flexible. Unless you spent a long time out of the country or have a very healthy income, chances are you'll qualify for the full benefit, which is approximately \$600 per month.

Low income seniors also qualify for Guaranteed Income Supplement, which could boost your income by a further \$900 per month. Just remember that Guaranteed Income Supplement is reserved for seniors who don't make a whole lot — primarily for folks who are making under \$30,000 per year.

### Get a part-time job

After a few years of retirement, my friend Gord started going stir-crazy. His solution was to get a part-time job. He now spends 3-4 hours every weekday driving a school bus, a job that gives him something to look forward to every day.

Gord's part-time job also has another huge benefit. The extra \$1,000 to \$1,500 he makes every month is a big boost to his retirement savings. He can choose to spend that money on vacations, meals out, or on the grandkids. Or he can sock it away, ensuring a better life for his family when he can no longer work.

Say you have \$250,000 put away for retirement. At a 4% withdrawal rate, that's \$10,000 per year you'd have to spend as you wish. Various government programs might add another \$12,000 per year to your annual income. A part-time job can be a real difference-maker in this scenario!

## Invest in high-yield stocks

Many retirees are [petrified of losing money](#), so they stick their capital in ultra-safe Guaranteed Investment Certificates (GICs) that pay tiny interest rates. Collecting 1.5% each year isn't very exciting. No wonder older folks think interest rates are too low!

A diverse portfolio filled with Canada's top dividend-paying stocks is a great alternative. Yes, there's the risk the portfolio could decline in value, but that's unlikely to happen over the long term. The portfolio should actually gain value over time, all while spitting out consistent income.

One great dividend stock I personally own is **Alaris Royalty Corp** (TSX:AD), a company that provides financing for established businesses in exchange for a royalty. It's a fantastic business model — Alaris borrows capital for 3-5% annually and charges its partners anywhere from 10-15%. Some of the loans don't work out as planned, but for the most part it's a pretty solid business.

The best part of a business like this? There's no end to its growth potential. It can continue expanding forever! Businesses are always going to need capital.

Some investors are worried about Alaris' dividend, which has crept up to an 8.5% yield, but I'm not particularly stressed about it. Through the first six months of 2019, Alaris generated \$1.01 per share in cash flow. It paid out \$0.824 per share in dividends. That gives us a payout ratio in the 80% range, which is solid.

A \$100,000 investment in Alaris would generate close to \$8,500 in annual income, while a similar investment in a GIC would generate \$1,000 to \$1,500 in annual income. It's easy to see why a retiree would choose a high-yield stock like Alaris, even if it comes with more risk than a GIC.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)

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