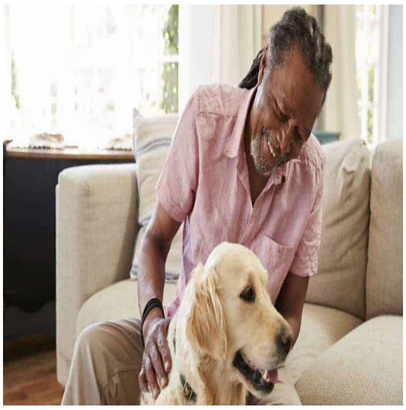

Retirees: 3 Easy Ways to Supercharge Your CPP Payments

Description

If you're hoping for a comfortable middle-class retirement on Canada Pension Plan (CPP) payments alone, I've got bad news for you. It isn't going to happen.

That doesn't mean you can't survive on CPP payments alone. You most certainly can, and thousands of Canadians are doing just that. Once you add in other government programs designed to supplement low-income seniors, a couple is looking at $2,000 to $3,000 per month in earnings that are barely taxed because they're split between two people. That's enough to survive, especially with a paid-off house.

But who wants to live a spartan lifestyle during your golden years? Retirement is the time to do everything you didn't have time to accomplish while working. It means plenty of travel, lots of spoiling the grandkids, and hours of working on the golf handicap. It should be a time of great joy — not a time to barely scrape by.

The good news is, there are several steps you can take today to ensure you'll have more than the minimum when retirement age comes. Let's take a closer look.

Work part-time

Working part-time during your golden years has numerous advantages.

Retirement puts many couples in a tricky spot. After decades of only seeing each other during evenings and weekends, suddenly spouses are supposed to spend every day together. Sometimes this works out, but other times they get on each others' nerves. One (or both) spouses working part-time can be a marriage saver.

Having a part-time job can also give a retiree a sense of purpose, help them stave off boredom, and create valuable social interactions with younger folks.

It can also be very beneficial financially. It takes $250,000 in savings to generate $10,000 per year in passive income using a 4% withdrawal rate. A part-time job can fund some of the fun parts of retirement while CPP payments take care of a couple's needs.

Work longer

Delaying your CPP payments for a few years will translate into more cash in your pocket.

If you take CPP at age 60, your maximum annual payment will be a little under $9,000. If you delay taking CPP until age 65, you're looking at a maximum payment closer to $14,000 per year. Add that up between both yourself and your spouse, and that's close to $10,000 extra per year just by waiting five years.

The difference is even more striking if you wait until age 70. The maximum CPP payment if you start withdrawing from your pension then is 19,664 per year.

Most people don't want to work much past age 60, but is working until 70 so bad? Besides, working a little longer gives you more opportunity to save for retirement, and these years are often your highest-earning ones.

Load up on great stocks

A dividend-growth investing strategy can really help increase your retirement income.

Say you buy $50,000 worth of **Enbridge** (TSX:ENB)(NYSE:ENB) shares today, encouraged by the company's impressive collection of oil and natural gas pipelines, its natural gas utility business, and its ever-growing portfolio of environmentally friendly power-generation assets. The stock yields a robust 6.6%, and the dividend is expected to grow 6-8% annually over the long term.

After a decade, you'd be looking at an 11.8% yield on cost, assuming 6% growth. Your Enbridge shares would generate $5,900 each year in dividends. That's nearly $500 per month in passive income . And remember, your shares would likely be worth much more than $50,000 if earnings keep going up steadily.

Sure, there's the chance Enbridge stumbles and dividends stay stagnant or even get cut. But I don't think that's terribly likely. Every time a potential new pipeline gets shot down, Enbridge's assets are all the more valuable. And the company has structured things so it gets paid the same amount no matter what underlying energy prices do.

The bottom line

You don't need to fear a poor retirement, even if you're approaching 65. By delaying CPP payments for a few years, getting a part-time job, and loading up on dividend stocks like Enbridge, you can ensure your golden years will be filled with good times and great memories, not money worries.

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