
A 3-Point Checklist for Canadian Retirement Investors

### Description

If you’re investing for retirement, it pays to have a plan. It takes a lot of money to retire comfortably, after all, so it’s well worth your time to develop a specific game plan to get where you need to be.

While most Canadian investors have some kind of retirement savings account, few are using all the retirement planning resources available to them. That’s a big mistake. Over a long enough period of time, the costs of not using all the retirement resources at your disposal can really add up.

With that in mind, here’s a simple three-point checklist to make sure you’re making the most of your retirement investments.



## Are you maxing out your RRSP?

Before even thinking about investments, you need to know where you’re going to hold them. In Canada, there are a number of tax-exempt and tax-deferred accounts/plans for investors. RRSPs are among the best.

Offering tax deductions, tax-free growth, and a high contribution limit (18% of income up to a limit set annually), they provide the most space to watch your investments grow tax free. Ideally, you should be aiming to get 18% of your income into your RRSP. However, if you have some money left over after you hit that objective, there’s a Plan B.

## Are you putting excess funds beyond your RRSP contribution limit into a TFSA?

Any investment funds you have left over after maxing out your RRSP should be put in a TFSA. TFSAs don't offer tax deductions like RRSPs, but they offer more flexible withdrawals. You aren't taxed on TFSA withdrawals no matter what your income level is, whereas with RRSPs, withdrawals are subject to income taxes.

Overall, RRSPs are better for most investors when you factor in both deductions and tax deferment. However, a TFSA is a great place to put whatever you have left over.

## Are you picking stocks with solid long-term prospects?

Once you have your RRSP and TFSA in place, it's time to look at what investments you'll hold in them.

In general, if accumulating retirement savings is the aim, it's best to invest fairly conservatively and long term. When you're younger, you have a little more leeway to make aggressive growth plays. However, as you approach retirement age, generating income from your investments becomes more of a necessity.

For this reason, stocks like **Fortis** (TSX:FTS)(NYSE:FTS) can be great investments for retirees.



As a regulated utility, Fortis enjoys an "ultra-safe" revenue stream protected by high barriers to entry. As a company that provides basic life essentials (heat and light), it can earn solid revenue even in the worst recessions. And, as a dividend stock with a relatively high yield (3.3%) and an uninterrupted 45-year track record of raising its payout, it's a reliable income producer.

Thanks to Fortis's steady growth and high income, it's become a staple of income-oriented mutual funds and retirement savings plans. Overall, it's a great stock to hold in your retirement portfolio.

**CATEGORY**

1. Dividend Stocks
2. Investing

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