1 Major Mistake to Avoid When Planning Your Retirement

Description

Retirement planning is a must if you want to be financially secure for the rest of your life. But the plan requires making the right decisions to prevent you from being broke in retirement.

Fortunately, you're halfway to living a comfortable retirement lifestyle if you can avoid making the common retirement planning mistakes and the most important one.

Build a nest egg

There is no magic number as to the amount of retirement savings you would need. However, you have to build your nest egg that could cover all your financial needs during the sunset years.

Don't be like other would-be retirees who think that when they reach their set magic number, they can retire and wing it already.

Retiring early or late

Retiring too soon is a common mistake with severe financial implications. As long as you're healthy and still have the propensity to earn, wait until you reach retirement age.

By delaying your retirement, you have the opportunity to increase your retirement savings significantly. If you retire early without a plan in place, you might not have enough to cover your living expenses during the retirement years.

On the opposite side, you don't have to work indefinitely. Some people think that working as long as you can is retirement planning. There is regular income and no financial dislocation. However, you have to retire at the appropriate time and not overextend. There's so much to enjoy after you stop working.

Avoid outliving your retirement nest egg

The number one mistake to avoid when planning for retirement is outliving your retirement savings. Once you outlive your money, your quality of living during retirement will decline. Retirees face this dilemma.

But there's a way to avoid this mistake and ensure that you maintain quality living in your golden years. Aside from savings, prioritize investing in high-yield stocks like **Inter Pipeline** (TSX:IPL) that can provide the income you need as if you were still working.

This $9.12 billion oil and gas midstream company is not among the heavyweights in Canada's energy industry. However, it is well known to investors because it's a good source of passive income. For retirees, the dividends from Inter Pipeline serve as active income.

Inter Pipeline has increased its dividend for 10 consecutive years, which is an indication the company is committed to long-term dividend growth. The historical total return of a $10,000 investment on the stock 16 years ago, when it started paying dividends, is 877.08%.

With the current yield of 7.8%, you could be looking at a higher return in the next 20 years or more. Inter Pipeline appeals to retirement planners because of exceptional dividend history, high dividend yield, and monthly dividend payments.

Don't make retirement planning complicated

Retirees worry about the increasing cost of living, inflation, and recession, among other things. All these factors could erode your retirement savings. You might not even have the money to draw.

Planning for retirement need not be complicated. You can avoid outliving your nest egg by sticking to the plan of investing in stocks like Inter Pipeline. If you own one or more of these high-yield dividend stocks, your financial future is secure.

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