Baby Boomers: This ETF Is Your 1-Stop DYI Pension Solution

Description

Who doesn't want a secure pension? I know I'd sure like one.

Unfortunately, I, like millions of other Canadians, am not enrolled in a corporate pension plan. But that's okay; I've used my knowledge about the stock market to build a portfolio that churns out plenty of predictable monthly income. This portfolio should compound nicely over the next few decades, putting me in a good position once it's time to retire.

I can understand how people reading this worry about retirement. Building a portfolio that delivers hundreds of dollars per month in passive income is no easy feat. You'll likely need at least six figures to pull that off. And then there's the task of choosing stocks for a portfolio. You'll want to maximize your yield, all without falling into the trap of picking likely dividend cutters.

It's easy to see how someone can get overwhelmed.

Fortunately, there's an easy solution. Investors today can buy one product that delivers predictable monthly income from a collection of Canada's best stocks. This option comes with instant diversification, a very reasonable management fee, and a payout that should slowly increase over time.

In other words, it's a perfect solution for folks looking to build their own pensions.

If that sounds good, you're going to want to keep reading. This could change your whole retirement.

Enter the best ETF

Mutual funds offering predictable monthly income have been popular products for decades now. There's just one problem: these funds often come with huge management fees, enough to take a serious bite out of future returns.

For instance, a fund that earns 7% consistently would earn 8.5% if it wasn't for the pesky 1.5% management fee. That can really make a big difference, especially when viewed over the long term.

One of the big advantages of the **BMO Canadian Dividend ETF** (TSX:ZDV) is the fund's low management fee. The management expense ratio is a mere 0.35%, which is approximately 75% less than comparable mutual funds. That already is a big plus for this fund.

But wait. There's more. This ETF offers instant diversification across all major sectors. It has 51 different holdings, including most of Canada's top dividend stocks. Bank stocks are well represented, as well as pipelines, insurance companies, and even a few energy producers. The only major Canadian sector missing from this ETF is gold mining.

This diversification doesn't just help protect your capital. It also makes dividends more secure. If you have a portfolio of 10 names and one cuts its dividend, it's a pretty big deal. But this ETF has 51 names, and the top position is just over 3% of assets. You'll easily survive if an underlying stock or two slashes its dividend.

Thanks to consistent dividend growth from the underlying components of the ETF, investors can count on their income slowly going up over time. All of the fund's top 10 holdings increased their dividends over the last year. The fund itself paid $0.06 per unit each month back in 2017. The payout is currently $0.065 per unit each month. That works out to a dividend yield of 4.8%.

The bottom line

The BMO Canadian Dividend ETF is a great choice for your retirement portfolio. The fund is stuffed with high-quality Canadian stocks, which pay generous dividends. This will provide steady income for years to come.

It's the perfect solution for Canadian investors who crave the dependable income of a pension but just don't know where to start.

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