



Retirees: Time Your CPP Withdrawals to Maximize Your Nest Egg

Description

Canadians are living longer and healthier than ever before. A recent report by Stats Canada shows that women in Canada can expect to live to 84 years and men to 79.9 years. Canada is usually hovering near the top 10 when it comes to life expectancy globally. By comparison, the United States is generally ranked closer to 50.

The good news is we're living longer. The bad news? We have to make our pensions and retirement savings last longer than ever. The [Canada Pension Plan](#) (CPP) is the most prevalent among Canadian citizens, so let's focus on how to [get the most out of it](#).

Time the pension withdrawal properly

The big decision you'll need to make about your CPP is at what age will you start withdrawing it. The earliest you can begin to withdrawing is at age 60, and the latest is at age 70.

The difference in amounts you will start receiving is significant. If you are 60 years old, you will receive 36% less than if you begin withdrawing at 65. And if you begin withdrawing at age 65, you'll have 42% less than if you start withdrawing at age 70.

So when should you start taking out your CPP?

It depends on your situation. The two factors you will need to consider are your health and your finances. If your health and finances are healthy, you might want to consider delaying your payments until 70. By contrast, if your health and finances are poor, it might be best to take it out at 60.

Try to find someone that you can trust who can give you an honest evaluation of both of these factors if you are having trouble thinking of it yourself. It can be a difficult thing to evaluate on your own.

Supplement your CPP payments

You will likely need additional income other than your CPP for your retirement years. In 2019, the maximum CPP payout is \$1,154.58 per month for new beneficiaries if taken at age 65. Many people supplement their CPP by investing in stocks.

Hopefully, your RRSP and TFSA is full of stocks such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Enbridge is a premier Canadian energy company with a market capitalization of over \$90 billion.

This oil and gas pipeline company owns tens of thousands of kilometers of pipeline. Enbridge is well diversified across four major business segments, with total projected project costs of \$13 billion.

Best of all, Enbridge has a stellar track record of dividend growth. Over the past 24 years, the company was able to maintain an 11% compound annual growth rate (CAGR). With the current dividend yield sitting at a healthy 6.26%, it could raise to be even higher each year.

Had you invested \$10,000 in Enbridge 10 years ago in your RRSP and reinvested the dividends, it would be worth \$32,810 today, over triple that amount. This money would come in handy when planning for your retirement.

Conclusion

By timing your CPP payments correctly and supplementing your pension with stocks, you can enjoy the long and stress-free retirement of your dreams.

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