



TFSA Pension: Enrich Your CPP by \$1000/Month With 1 Trusty Dividend Stock

Description

Early retirement is nothing more than a dream to many Canadians that most retire at 65. The reason for waiting for the prescribed retirement age is the modest retirement benefits provided by the Canada Pension Plan (CPP).

You can [create a separate pension](#) through your TFSA by investing in a trusted dividend stock like **Inter Pipeline** (TSX:IPL). This energy stock pays a high 7.96% dividend. You could generate \$1,000 from the dividends to supplement your CPP.

Create a personal retirement system

Aside from replacing only 25% of your full-time income upon retirement, the government treats it as taxable income. A taxable pension, even with a marginal tax rate, is not favourable. The more money you earn during retirement, the less you'll receive.

In addition to the tax issue, you have to time your CPP drawdown. If you elect to receive your CPP as early as 60, you'll incur an annual penalty of 7.2%. You also have the option of deferring until after age 65. There is an 8.4% premium for every year of delay.

Although the CPP will pay you inflation-adjusted money for a lifetime, you don't know exactly how many more years you will live. You should therefore ideally need at least 50% of your previous working income to get by during the retirement years.

For this reason, you must seek alternative sources of retirement income. By creating a personal retirement system via the TFSA, you can already address the limitations of the CPP.

Inter Pipeline is one of the eleven members of the Canadian Energy Pipeline Association (CEPA). As a CEPA member, this \$9.11 billion oil and gas pipeline company is fully committed to delivering natural gas and crude oil produced in Canada to markets across North America.

Although Inter Pipeline is smaller compared with the likes of **Enbridge** and **Pembina**, the stock is a

surprisingly good source of dividend income. For the last 10 years, the company has increased its dividend. This history shows Inter Pipeline's commitment to long-term dividend growth.

Retirees prefer Inter Pipeline because of its [low-risk business model](#). The client base consists of investment-grade customers. Also, 80% of revenue comes from inflation-adjusted, commodity-insulated, and long-term contracts which make the dividends safe.

Inter Pipeline is constructing a polypropylene facility for making highly recyclable plastics. This facility is the next growth driver when it comes online within two to three years. Cash flow could increase by 30% and pave the way for a potential capital gain as well as a dividend increase.

End your retirement worries

Retirees and would-be retirees who hold \$150,000 worth of Inter Pipeline in their TFSAs are already receiving \$1,000 monthly. You can aim for the same monthly earnings to supplement your CPP. The key is to start saving as early as possible and accumulate many shares of this pipeline stock.

While the CPP can only provide you with modest income, Inter Pipeline can be your primary source of retirement income, and you can live off from the dividends for the rest of your life.

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