Baby Boomers: Don’t Let a Recession Ruin Your Retirement Plans

Description

The scenario of a market crash is frightening to baby boomers that are on the verge of retiring. If you allow fear to rule, all the painstaking efforts during the preparation will go to waste. There are ways, however, to stop a market crash from ruining your retirement plans.

Always prepare

Smart investors are always ready for any market turbulence. Whatever generation you belong to, it’s a must that you prioritize investment protection and safety at all times. As such, a core holding in your portfolio should be a recession-proof and inflation-insulated stock.

Fortis, a premier utility company, is best suited for baby boomers. Rarely will you find a stock that offers safety, stability, and growth. Dividend investors buy and hold this stock because of its low-risk business model.

The assets of this company are regulated utilities and long-term contracted energy infrastructure. Nearly 100% of earnings come from these assets that are entirely protected from commodity price fluctuations. As a result, Fortis has been delivering stable cash flows, and growth is continuing.

An added comfort to investors is the 45-year record of dividend increases. If Fortis is not resilient, it wouldn’t be standing today after the most recent financial crisis. The 3.59% dividend is safe and could increase in the coming years.

Deal with the market fallout

Expect a fallout during a market crash. Stock prices could plunge. The value of your nest egg could be in jeopardy if your investments are in companies that are not resilient to endure a declining market.

Toronto-Dominion is the only bank — or the only company, for that matter — that was able to report profits at the height of the 2008 financial crisis. The second-largest bank in Canada has a market capitalization of $138.71 billion, and with this size, there's no way a market crash can topple TD.

In terms of dividend streak, TD has been paying dividends for 162 years. This extraordinary feat is the compelling reason why baby boomers delight in the stock. More so, the once-a-year dividend increase policy assures of growing passive income annually. The 3.88% yield could double your investment in 18.5 years.

Revamp your portfolio

If you already have Fortis and TD, you can revamp your portfolio by adding one more safety net. **Brookfield Renewable** (TSX:BEP.UN)(NYSE:BEP) is a $10.64 billion, high-quality renewable energy producer.

The company has an installed capacity of over 18,000 MW and generates electricity from wind, solar, and hydro energy sources. You can find the assets of Brookfield in North America, Brazil, Colombia, Europe, China, and India. As operations scale, the cost will gradually decline, while cash flow will steadily increase.

Brookfield is gearing up to meet the growing demand for renewable energy. The end view is to capture a significant market share globally. Many countries, including the large cities in the world, are aiming to have energy only from renewable sources by 2030. The majority, however, are far from realizing the goal.

The stock pays a dividend of 4.63%. Assuming you're following the 4% withdrawal rule, your earnings from the dividends can cover or offset your inflation-adjusted withdrawals.

No messed-up plans

Fortis, Toronto-Dominion, and Brookfield Renewable are the companies that stop a market crash from messing up the retirement plans of baby boomers. The stocks won't set back your retirement timetable.

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