



## Can You Comfortably Retire on Just \$250,000?

### Description

As much as we'd all like to have [\\$1 million](#) (or more) saved up by the time we retire, sometimes it just isn't possible.

Life has a funny habit of throwing curve balls. Perhaps you spent more money than anticipated on your kids' education, or helping them buy a house. Maybe an unexpected move really cut into your savings. Or you might be forced to retire years earlier than planned because of an injury or disability.

The good news is, folks who haven't saved up the suggested seven-figure nest egg could still be in good shape. Here are some ways you can stretch your retirement dollars even if you only have \$250,000 in investable assets.

### Maximize government benefits

Every retiree should take some time to explore ways to maximize any potential sources of income from the federal government.

Most know about the two big programs that most retirees are eligible for — Canada Pension Plan (CPP) and Old Age Security (OAS). If you and your spouse have both had long careers and made enough to max out CPP contributions, you're looking at a combined income of approximately \$2,400 from our national pension plan. Add in Old Age Security income, and a couple without much in the way of RRSPs could be earning close to \$40,000 per year from the government alone.

But many seniors don't know about another government program designed specifically for folks without much tucked away. Guaranteed Income Supplement (GIS) tops up the income for a senior who makes less than \$18,599. GIS recipients are commonly spouses who stayed at home and didn't work much.

### Sell the house

Thousands of Canadians are in a tough spot. They have a significant amount of their net worth in their

home after they prioritized paying off the mortgage over retirement planning. They're now short on liquid cash.

The solution is a painful one, but it must be discussed. The ideal plan would be to have these folks sell the house and move into something smaller. This move alone can put some serious cash in your pocket.

You can even take this one step further and move to a much cheaper city. For instance, people moving out of Toronto to cities like St. Catharines, Windsor, or Niagara Falls can easily put hundreds of thousands of dollars in their pocket if they downsize at the same time.

## Buy high-yielding stocks

A \$250,000 portfolio will not be enough to cover all your living expenses. But you can use high-yield stocks to at least make a dent.

For instance, **Slate Retail REIT** (TSX:SRT.UN) is a stable company that owns grocery-anchored real estate in the United States. Its portfolio includes more than 10 million square feet of gross leasable area in secondary cities like Charlotte, Denver, and Atlanta. These cities offer plenty of [cheap real estate](#), yet favourable demographics and solid population growth.

Slate is currently focusing on paying off debt and selling some non-core assets, as it prepares for another wave of acquisitions. It has two growth paths going forward — it can buy new property and it can add to existing property. Redeveloping some of its portfolio will usually lead to higher returns, but there's a limit to it. There are virtually no limits to buying new property; there are thousands of opportunities across the United States.

The company has one of the most generous dividends out there, with the payout checking in at an 8.7% yield. The payout is secure, too. Slate pays out just 73% of its funds from operations back to shareholders. In fact, the company just hiked the dividend for the sixth consecutive year.

If you invested your entire \$250,000 retirement nest egg in Slate Retail shares, it would generate an annual income of approximately \$21,700. Add that together with CPP and OAS payments, and it just might be enough for a comfortable retirement.

## The bottom line

Putting all your retirement cash into one stock — even one that looks as good as Slate Retail REIT — is a recipe for disaster. You want to diversify your cash.

But it does go to show that it is possible to use high-yield stocks (and a few other strategies) to turn a mere \$250,000 nest egg into a fairly comfortable retirement.

### CATEGORY

1. Investing

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1. Editor's Choice

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1. TSX:SGR.UN (Slate Retail REIT)

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## **Date**

2025/08/23

## **Date Created**

2019/12/03

## **Author**

nelsonpsmith

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