Baby Boomers: Thinking of Selling Your House? Read This First

Description

Every would-be retiree longs for a golden retirement. As you approach the sunset years, many questions arise as to how life would go after you exit the mainstream. One concern is outliving the nest egg. In a situation where you own a house but don't have ample savings, the solution is to sell the house to fund retirement.

A 2018 Ipsos survey of Canadians over 65 showed that 93% want to stay in their family home throughout retirement. The decision to sell the house, however, becomes an option when you have a smaller nest egg that might not be enough if you add maintenance and health care costs to your future living expenses.

Not a substitute for retirement planning

Another survey by the Ontario Securities Commission (OSC) showed that 45% of Ontario homeowners in Ontario aged 45 and over are relying on house price growth to fund their retirements. The results also showed that 38% of the respondents have no investment savings other than their homes.

The agency is warning that there is a growing number of people with low incomes and no investments that are pinning their hopes on rising property values to fund retirement. The OSC is saying that owning a home is not a substitute for retirement planning.

Building your nest egg early

The dilemma facing pre-retirees lends credence to the importance of building your next egg early. Canadians are fortunate to have investment vehicles such as the TFSA or RRSP to grow retirement savings. There is the stock market where you can buy high-quality dividend stocks that can sustain your future financial requirements.

For example, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is a blue-chip stock that can deliver a steady income stream for life. Had you invested $10,000 in this bank stock in 2009 when the TFSA first came into the picture, the total return would be 138.95%. The value of your investment today would be $23,891.72.

At the current price of $75.21 per share and 4.81% dividend, your $100,000 savings could grow to as much as $202,320 in 15 years. There's no worry about reliability. Scotiabank has been a consistent dividend-payer throughout much of its corporate existence. The bank's first dividend payment was in 1852.

Scotiabank is an age-old bank that's continuing to expand and be relevant in the 21st century. Both top and bottom lines have been rising from fiscal years 2017 and 2019. It's worth noting that the fund manager of the Canada Pension Plan (CPP), or the CPP Investment Board, invests in this formidable bank too.

Comfortable retirement

Cashing in on your property to fund retirement is usually the only option if you're nearing retirement, have no investment savings, and it's impossible to meet your financial needs. Timing is also vital so you can sell your house at the highest price possible.

In case there is money from the proceeds that you can allocate for investment purposes, invest in high-quality stocks like Scotiabank. A $1 million worth of the bank shares can produce $48,000 in annual income. Your retirement lifestyle might not be as lavish, but it's comfortable.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

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