Do You Really Need $750,000 to Retire?

Description

A 2018 survey by **Canadian Imperial Bank of Commerce** showed that the magic number for retirement is less than $1 million. Based on the poll results, Canadians believe the exact average amount you would need to retire is $756,000.

Unfortunately, 90% of the respondents don't have a formal plan on how to get there. If I were to offer a plan today, three dividend stocks that pay an average dividend of 5.89% come to mind. However, there are parametres to be able to hit your target.

Bank stock

Laurentian Bank (TSX:LB) pays a dividend of 6.14%. The name always appears on the radars of dividend and income investors as well as would-be retirees. This $1.9 billion regional bank is a Canadian Dividend Aristocrat that belongs in the financial sector. About 28.1% of the total Dividend Aristocrats come from this sector.

This bank stock is the seventh-largest lender in Canada. Although it's not inside the Big Five circle, it's the highest dividend payer in the banking industry. Laurentian takes pride in its dividend-growth streak of 11 years, with a dividend-growth rate of 5.11% over the last five years.

Quebec is the bailiwick of Laurentian, but it has smaller operations in Alberta, Ontario, and Nova Scotia. Despite the regional coverage, this bank offers the same services of the larger peers. Operations are expanding through the acquisitions of specialty finance companies.

REIT stock

Plaza (TSX:PLZ.UN) is an ideal pick and an exciting investment option. This $468.22 million real estate investment trust (REIT) is one of the leading owners, developers, and managers of retail real estate.

To date, the existing portfolio consists of 275 properties with total assets worth $1 billion. Accretive growth continues, as there are 28 more properties in the development pipeline. Enclosed malls, open-air centres, and single-tenant properties comprise the portfolio.

About 60% of the properties are in Ontario and Quebec. Plaza has a robust platform since 90.7% of gross rents come from national retailers. Also, this REIT derives 31% of revenue from tenants in the medical and pharmacy markets. For $4.55 per share, you can be a mock landlord earning 5.6% annual dividends.

Utility stock

Capital Power (TSX:CPX) is a wholesale power generator that produces future-focused energy throughout the communities in North America. This $3.7 billion independent power producer (IPP) invests mostly in efficient natural gas and renewable generation.

Likewise, the company is active in the advancement of carbon capture, utilization and storage to support near-zero emissions from natural gas in power generation and broader industrial processes.

The business model is straightforward. It generates stable and growing cash flows from a contracted and merchant portfolio. The principal clients have investment-grade ratings.

Capital Power pays a dividend of 5.62%, which could increase some more based on the company's 7% annual growth guidance through 2021 and a subsequent 5% growth in 2022.

Growth opportunities are plenty. By 2021, the first-ever commercial-scale carbon nanotube facility built by Capital Power will rise in southern Alberta.

The plan

You need $240,700 seed money and an investment window of 20 years. Allocate $80,233.3 for each stock. Assuming Laurentian Bank, Plaza, and Capital Power sustain the yields, you'll have $756,092.72 and on your way to retirement!

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:PLZ.UN (Plaza Retail REIT)

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