Retiring TFSA Investors: Boost Your CPP With This Passive Income Portfolio!

Description

It's the age-old question: Should you start your CPP pension payments sooner (at 60) or later?

While the answer differs for every retiree given their unique circumstances, the commonality is that almost nobody knows how long they're going to live.

Life expectancies are rising, but by playing it too safe and opting to receive heftier CPP payments later, one runs the risk of having to settle for years of a less comfortable lifestyle in one's more energetic earlier years.

If you've got a sizeable TFSA nest egg saved up, however, you can turn it into a tax-free income stream that can allow you to delay CPP payments into the latter years of your 60s without requiring you to live frugally.

And best of all, by spending the tax-free dividends and not the principal, you can *sustainably* finance your lifestyle indefinitely, so you don't need to run into the risk of running out of money in retirement — a fear that many retired or soon-to-be-retired Canadians share.

You should therefore view your TFSA as some sort of tree that yields fruit. As you hang up the skates from the workforce, you'll be able to collect the fruit (dividends) and either leave it alone or continue watering it so that the amount of fruit to be had in the future will continue to increase over the years.

The latter scenario is highly recommended for retirees who can contribute the $6,000 per year so they'll be able to sustain their lifestyles today with consideration for the future.

Consider the following passive income stocks that blend a combination of income and longer-term growth. When the portfolio is left on its own, the income stream still has the capacity to grow over time, but for optimal long-term results, it's recommended for retirees to keep purchasing them within a TFSA whenever they're able.

Enbridge (TSX:ENB)(NYSE:ENB) and **Telus** (TSX:T)(NYSE:TU) are two solid income stocks that not only have high yields (6.4% and 4.7%, respectively), but also a means of growing their dividends at a double-digit annualized rate over the long haul.

Enbridge

Enbridge, the pipeline kingpin, has been under pressure in recent years. Still, management continues to keep its “dividend promise” to investors with 10% in dividend raises expected regardless of the unfavourable exogenous conditions that lie ahead.

Sure, some may say Enbridge hasn’t “earned” its continued dividend raises, but given the promising projects on the horizon (such as the Line 3 Replacement), which could provide the firm with more financial wiggle room, I’d say Enbridge is making the right move in the grander scheme of things by remaining shareholder-friendly amidst its bump in the road.

The outlook for Canadian energy looks bleak for 2020, but given you’ll get a vibrant and growing dividend to collect while you wait, I’d say the price of admission is too low right now, especially given the catalysts on the horizon.

Telus

The Canadian telecom landscape is rapidly changing with a new entrant in the wireless arena. However, Telus is still a worthy investment for income-oriented investors who can pick up shares on modest dips.

The company has a reputation for delivering top-notch customer service in an industry that’s been receiving a record amount of complaints from Canadian consumers. Canadians are not only fed up with high telecom bills; but they’re also sick of the quality of service they’ve been getting over the years.

While the bar will be lowered on prices over the years as the telecoms react accordingly to a more competitive environment, in the meantime, Telus’ focus on customer service will better allow it to retain its subscribers because of the firm’s reputation for going above and beyond when in the customer service department.

As new telecom tech continues to be rolled out, I also suspect Telus will gain an early, albeit short-lived, edge when it comes to new offerings (5G wireless and Fibre internet) in certain localities.

At 17.3 times earnings, Telus isn’t expensive, but if you can wait for a slight dip, you could have the opportunity to nab a 5%-yielding dividend that could be subject to double-digit growth moving forward.

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2. NYSE:TU (TELUS)
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