



Ready to Retire? Make Sure You Tick the Boxes Off This 3-Step Checklist

Description

Deciding when to take the retirement exit is one of the difficult decisions to make. Timing is also crucial, because retiring too early or late could have financial consequences. It would help to have a checklist. You can determine your readiness if you can answer yes and check all of the three steps.

Are you debt-free?

Ideally, a would-be retiree should be done paying debts, especially a mortgage. It would be good to enter retirement with minimal or zero debt. Your retirement fund, income, or pension is likely to decrease if there are outstanding debts to pay. As you near retirement, prioritize paying down debts.

Are you okay to downsize?

Life during the sunset years is different from the working life. Since no regular paycheck is forthcoming, you should start assessing your expenses. The course of action of many retirees is to downsize. You can consider moving to a smaller home with fewer maintenance costs. Downsizing relieves retirees from financial stress.

Whether you like it or not, health is going to be an issue as well. Hence, you have to factor healthcare costs into your budget.

Do you have investment income?

Your pension might not be enough, so the earlier you can invest in dividend stocks like **Suncor** ([TSX:SU](#))([NYSE:SU](#)) and **Summit Industrial** ([TSX:SMU.UN](#)), the better. You'll have little earnings potential if you start saving and investing around your retirement date.

Suncor is a buy-and-hold stock. When you invest in this energy stock, you won't have to sell anymore. This \$64 billion integrated oil and gas company has been paying dividends for 16 years now. Over the

last five years, it has a dividend-growth rate of 14.55%. Currently, Suncor offers a dividend yield of 4%.

A 30-year-old investing \$50,000 in Suncor today can earn \$2,000 in annual income. If the goal is long term or until 65, the money the value of the investment will come out to \$197,304.45 after 35 years. By then, there's [a significant boost to your pension](#).

Over the last two years, Suncor has been averaging \$3.875 billion net income. Management expects to end 2019 with close to a \$5 billion bottom line. The strong balance sheet, low liabilities, and consistent cash flow assure the safety of dividends.

Summit is the [only stock in the real estate sector that made it to the TSX 30 list](#). The list tracks the top 30 performing Canadian stocks over the past three years. This \$1.6 billion real estate investment trust (REIT) has a three-year return of +160%, which was enough to land in the 22nd spot.

Also, the companies on the TSX 30 are the growth stocks for average retail investors to consider. Summit concentrates on the industrial sector, which is the largest commercial real estate asset class in the country. This REIT acquires properties that can potentially deliver the highest returns.

The strategy is to diversify and buy a broad range of industrial property types to mitigate the risks. So far, the approach is working, and the portfolio has grown to 111 properties. At the price of \$12.03 per share, you can benefit from the 4.48% dividend yield.

Retirement readiness

Being debt-free and open to downsizing means you are 25% ready. Invest in Suncor and Summit stocks, which pay consistent dividends, to give you the confidence to proceed with retirement.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SMU.UN (Summit Industrial Income REIT)
3. TSX:SU (Suncor Energy Inc.)

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Date

2025/09/14

Date Created

2019/12/21

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