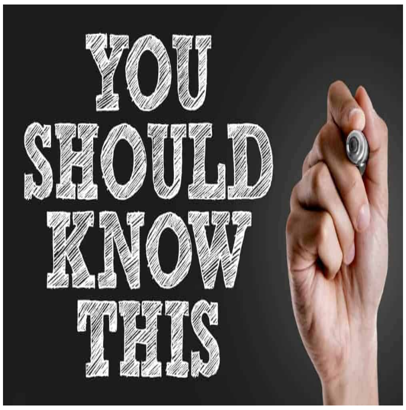

Worried That You'll Run Out of Money in Retirement? Do These 3 Things

Description

Nobody wants to outlive their retirement savings. The golden years of your life are supposed to be the most comfortable ones.

Running out of retirement money is one of the worst things anybody can experience. After so many years of saving your money, your efforts should not come up short.

Fortunately, Canadian retirees can sign to several pension plans like the CPP and the OAS to help them enjoy a good quality of life in their retirement years.

The problem is, CPP and OAS payments can only cover part of your retirement income. If you're worried about running out of money in your retirement, you're not alone.

Luckily, there are strategies you can use to make sure you don't outlive your money.

Time your CPP payments

The Canada Pension Plan (CPP) is a brilliant method to secure a portion of your retirement income. You can start collecting your CPP payments when you reach the 60-year-old mark. Many Canadians make the mistake of starting their CPP payments as early as possible.

If you start collecting CPP payments at 60, you'll get 36% less than what you could if you started at 65. The more you defer collecting your CPP payments, the more you stand to get from it.

If you wait until you're 70 to begin receiving the payments, you can get 42% more than what you would at 60. Timing is the key here.

Avoid OAS clawbacks

Old Age Security (OAS) payments from the government can also boost your retirement income. As amazing as the OAS is, it comes with clawbacks that can affect the total amount received in OAS payments. The threshold for the 2019 income year on OAS clawbacks is $77,580.

Any taxable amount you earn as a retiree, which goes beyond the threshold, is going to result in OAS clawbacks. The fee is equal to 15% of the amount in the income year. If you earn more than $126,058 in taxable income in a year, OAS clawbacks will effectively eliminate the OAS payments.

It is essential to learn how to make a retirement income by circumventing the OAS clawbacks. The best way to do this is by holding reliable dividend-paying stocks in your Tax-Free Savings Account (TFSA).

Invest in dividend stocks

The TFSA is a gift from the Canadian government that allows you to hold cash or equivalent assets without incurring taxes on earnings or management fees. Using your TFSA to hold dividend stocks is the best way to earn more money for your retirement.

By owning dividend stocks in your TFSA, you make cash through dividend payouts, and the earnings are not accounted for by the Canada Revenue Agency for the OAS threshold.

Stocks like **Suncor Energy Inc** (TSX:SU)(NYSE:SU) and **Keyera Corp** (TSX:KEY) are ideal options to consider to this end.

Suncor is one of my favourite stocks. The company is a significant player in Canada's energy sector. Its shares offer more reliable pricing as compared to other companies, despite fluctuations in commodity pricing, thanks to its integrated structure.

The company's stocks are trading at $41.78, as of this writing, while the dividend yield is 4.02%.

When the oil price drop hit the market recently, Suncor was among the energy companies that rode out the wave quite well. Suncor does not just rely on revenue from production. The company manages its marketing, exploration, and refining, which help mitigate the effects of oil price volatility.

Additional security for its revenue comes through Suncor's diversified operations in wind farms, retail outlets, refineries, and the largest ethanol production plant in the country.

Keyera Corp is another energy sector company. Based in Calgary, the oil and gas producer has had a phenomenal 2019. At the time of this writing, Keyera shares have gained 25% from the start of the year, and it looks like the company will end the year on an excellent note.

As of this writing, the company's shares are trading at $32.90, with a juicy dividend yield of 5.84%. Investors interested in the energy sector have found Keyera to be a fantastic stock to hold this year.

In the Q3 2019 earnings report, Keyera rose well above everyone's expectations in every regard. It also has a substantial payout ratio of almost 70% that makes shareholders happy.

Foolish takeaway

Combining these three strategies can help you boost your retirement income and make sure you don't run out of money in the best years of your life.

You could consider adding Suncor and Keyera stocks to your TFSA so you can defer your CPP payments for later and avoid OAS clawbacks through tax-free income from dividends.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:KEY (Keyera Corp.)
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Date
2025/08/20
Date Created
2019/12/23
Author
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