



CPP Pension: Squeeze 42% More Out of Your CPP in 2020 the Easy Way

Description

The Canadian government has opened up plenty of opportunities for its retirees to enjoy an income for a financially secure life in retirement. A significant portion of a Canadian retiree's revenue is through the Canada Pension Plan (CPP). You can expect to receive around \$14,000 per year at retirement when blowing out the candles on your 65th birthday.

The actual benefits you receive, however, depends on how much you have contributed and how long you waited until you started collecting your CPP payments.

Realistically speaking, most Canadians do not receive the maximum benefit of the CPP. As of March 2019, new Canadian retirees were receiving only \$8,000 from their CPPs. The government calculates the amount for eligible recipients.

Deferring your CPP payments

You can start collecting your CPP payments when you are 60 years old if you believe in the time value of money. There is nothing wrong with the strategy, but it means you stand to gain 36% less in your CPP payments from the government.

However, there is a way that you can receive 42% more in your CPP payments. All you have to do is defer your payments until you hit the magic number of 70 years old.

Canadians who choose to start collecting CPP payments at 60 instead of 65 get 36% less because the government deducts 0.6% for every month between 60 and 65.

On the other hand, the government adds 0.7% for every month you defer taking your CPP payments until you become 70 years old. Doing the math, you stand to gain 42% more through your CPP payments.

Delaying collecting your CPP until you are 70 is simpler said than done. It would be best if you could cover the costs of living that you will be losing for the time you do not collect your CPP.

The best way to make up for it is by supplementing your retirement income with [investment income](#) through a reliable asset stored in your tax-free savings account.

Investment income

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) stocks held in your TFSA can provide you the income you need to comfortably bide your time while you let your CPP payments mature to their maximum potential.

A leading player in Canada's telecommunication industry, Telus provides clients with world-class wireless and wireline services like TV, mobile, and internet subscriptions.

The company's efforts in enhancing customer service and overall experience for its customers have been showing results for the company. Telus' subscriptions keep growing across its various services.

Besides a strong presence in the telecom sector, Telus is also establishing a presence in Canada's health sector through Telus Health. Providing digital transformation solutions to Canada's health sector, Telus is fast opening up new doorways for additional revenue generation growth.

Telus also owns and operates a network of private healthcare facilities that offer services to corporations and wealthy families. The company uses its technology in these locations, and investors can see Telus Health become a substantial driver of revenue for the company.

Foolish takeaway

Trading for \$50.41 per share at writing, Telus stocks also come with a healthy 4.62% dividend yield. Buying and holding Telus stocks in your TFSA can allow you to earn a substantial amount in passive income through dividend payments – [tax-free](#)!

If you invest enough, you can rely on the dividends from the company to see you comfortably through to the point where you can start collecting your CPP payments for maximum benefits.

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Author

adamothman

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