



Can You Retire With ZERO in Savings With Only Your OAS and CPP Pension?

Description

Can a Canadian possibly retire with zero savings and depend only on the Old Age Savings (OAS) and the Canadian Pension Plan (CPP)?

Based on the 2019 figures, assuming you retire at age 65, the average monthly pension from the CPP is \$679.16. The most you can collect is \$1,154.58, but since not all qualify to receive the maximum, I would suggest using the average to be conservative.

From the OAS, you can get \$7,284 yearly, or \$607.46/month. Hence, the combined maximum total monthly payment is \$1,761, but you will probably receive much less than this. You can only determine whether you can survive on the CPP/OAS alone by assessing your retirement expenses, including healthcare costs.

If you think you'll be standing on shaky ground, perhaps you need to save as much and invest in dividend stocks. The additional income you can create could supplement the CPP/OAS.

Best-case scenario

The best-case scenario for prospective retirees is to have an [income stream during retirement](#). High-yield dividend stocks such as **NorthWest Healthcare** ([TSX:NWH.UN](#)) and **Alaris** (TSX:AD) can serve as your financial backbone.

NorthWest is a \$1.82 billion real estate investment trust (REIT) that pays a higher-than-market-average 6.18% dividend. It's a premium real estate stock, because NorthWest is the only REIT operating in the healthcare industry.

This global REIT owns a portfolio of hospitals, medical offices, and facilities. The locations of these assets are in Canada, Australia, Brazil, New Zealand, and Europe. NorthWest's competent management team was able to form joint ventures and execute long-term contracts with renowned hospital operators.

Healthcare is the right niche sector to operate in, as shown by NorthWest's strong returns over the last five years (6.9% average ROE). Because it runs facilities in the cure segment of the industry, you have a [defensive stock](#).

With an average lease expiry of 13.7 years and an occupancy rate of 97% occupancy rate across the total portfolio, you can expect NorthWest to produce steady cash flows that could sustain dividend payments.

Alaris attracts income investors because of its mouth-watering 7.47% dividend. This \$820 million private equity and royalty firm operates uniquely. The company is an expert in helping lower- and middle-market companies achieve optimum business potentials.

The main thrust is to provide long-term financial assistance and growth capital to companies that are already producing cash flows of \$3 million. In return for the funding support, Alaris collects royalty payments from these flourishing business entities.

Over the last 15 years, Alaris can boast of a respectable 17% IRR. There were challenges and business reversals before, but the company has since instituted safeguards to protect its investments. With global economies slowly gaining strength, you can expect its business to re-accelerate.

Alaris is planning to use its \$215 million credit facility to fund capital-deployment opportunities in 2020. With a few more quarters of solid financial results, expect the company to pursue multiple expansions.

Potential windfall

Given the 7.14% average yield, it's possible to generate a combined monthly windfall of \$952 from NorthWest Healthcare and Alaris. You would need to invest \$80,000 in each stock to approximate the OAS/ CPP monthly payments. The amount should lessen your financial woes during retirement.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/24

Date Created

2020/01/16

Author

cliew

default watermark

default watermark