



Can You Retire Comfortably on Only the CPP Pension and OAS Payments?

Description

Is it possible to retire on only CPP and OAS payments? Yes.

Is it possible to retire *comfortably* on only CPP and OAS payments? Probably not.

If you have concerns about your ability to live comfortably on only CPP and OAS, you are not alone. In a new survey by **CIBC**, 79% of Canadians aged 35 to 54 are worried about not having enough money to retire when they want.

CPP and OAS are not enough

Currently, the maximum monthly OAS benefit you can receive is \$613.53. Regarding CPP, the most you can collect is \$1,154.58 per month.

These benefits total \$1,768.11 per month, or \$21,217.32 annually. This is the *maximum* amount you could receive, and you may receive less based on your work history.

If you are concerned that \$1,768.11 per month is not enough to live comfortably, there is good news. By creating a dividend income stream, you could supplement your OAS and CPP monthly benefits to create a monthly income that will provide you with a more enjoyable lifestyle.

The good news

With an investment of \$15,000 right now, the dividends from a high-quality, dividend-paying stock could immediately boost your monthly income by almost \$100!

If you are fortunate to have the [luxury of time before you start taking CPP or OAS payments](#), you can reinvest the dividends to buy more shares. This practice will pay even more money when you start receiving the dividends as cash.

While there are many high-yield stocks on the TSX to choose from, let's look at one company that pays over 7.5% and has raised this dividend consistently over the past 10 years.

Inter Pipeline

Inter Pipeline (TSX:IPL), headquartered in Calgary, is involved in petroleum transportation and storage and natural gas liquids processing in both Canada and Europe. The company, which has a \$9.2 billion market cap, currently pays a dividend of 7.63%. This dividend has grown by 7.3% CAGR over the past decade.

The company reported \$204 million in funds from operations (FFO) during the last quarterly earnings release. Inter Pipeline's oil sands transportation business is the foundation of the company. Last quarter, this business generated \$153 million in FFO, which is consistent with the comparable period the previous year. The company maintains three major oil sands pipeline systems: Cold Lake, Corridor, and Polaris.

Regarding future growth, Inter Pipeline is planning several large capital expenditures during 2020. The projects will total \$1.2 billion, with the bulk of the money, \$1.1 billion, allocated to organic growth ventures. The remainder will be invested to sustain ongoing capital projects.

With environmental concerns always at the forefront of energy companies, Inter Pipeline recently announced a large investment in eco-friendly recycling initiatives. Partnering with The Northern Alberta Institute of Technology, Inter Pipeline has pledged \$10 million to research opportunities to reuse and recycle plastic in Canada.

The bottom line

While monthly payments from CPP and OAS may cover bare necessities, any unexpected expenses could derail your lifestyle. The lucrative dividends from companies like Inter Pipeline, which currently pay a nice dividend and have a strong track record of dividend increases, can help supplement your income for the rest of your life and increase your quality of life in retirement.

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