3 Gripping Consequences of Not Saving Enough

Description

When you retire, you should receive OAS and CPP. Some, however, will live more comfortably than others, because they saved money during their working years. For non-savers, dire consequences will play out in the later years.

Working until death

The sad reality for a non-saver is that you might keep working until you die. Saving while you're young remains the best advice. Continuing to work when you should be enjoying retirement can take a toll on your health.

Mountain of debt

Debt is a major reason why some Canadians have difficulty saving or are struggling to get by. People often fall short of retirement goals because of careless spending or living beyond their means. The tendency is to borrow to afford the lifestyle.

Emotional stress and financial pressure

Do you want to reach retirement age with only pennies in the bank? The emotional stress and financial pressure might be too much to bear with limited cash.

Be a big saver

The formula to secure your financial future is to be a big saver. Save as much as you can whenever possible. Then build retirement wealth by investing in buy-and-hold-forever stocks.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS), or Scotiabank, is a hands-down choice. This $87.9 billion international bank and third-largest lender in Canada should continue to grow for decades to come.

Scotiabank went great lengths in the past six years to re-position itself and grow earnings per share (EPS) by 5.6% at the same time. The bank is active in both the Canadian and U.S. markets. However, Scotiabank expects greater organic growth to come from Pacific Alliance countries, namely Chile, Colombia, Mexico, and Peru.

The four countries are underbanked or lack access to mainstream financial products and services. Hence, Scotiabank is increasing its exposure and expanding into these key markets. Investing in emerging technologies is also a top priority.

This blue-chip stock pays a 4.91% dividend. With a low payout ratio of 52.25%, the dividend is safe and easily sustainable. If you can save up to $50,000, you can potentially earn $2,455 annually.

Pembina (TSX:PPL)(NYSE:PBA) is an investor-friendly stock that lives up to its commitment. Last year, this $25.94 billion pipeline giant made a promise to increase dividends once the deal to acquire **Kinder Morgan Canada** and Cochin Pipeline on the U.S. portion is complete.

In February 2020, shareholders can expect a 5% increase in the monthly dividend. Pembina investors who've been invested for 10 years have been gifted with a 379.53% total return. At the current yield of 4.94%, a $100,000 savings can earn you $411.67 monthly.

The longer you hold on to this stock, the nearer you are to fulfilling your dream of retiring wealthy. Oil and gas producers will continue to utilize Pembina's pipeline network — all 10,000 kilometres — for years on end. An economic downturn is not likely to hamper operations in North America.

Expect further growth beginning in 2020 until 2023, when $5.7 billion worth of expansion projects finally come online.

Permanent income

Start saving today to have the seed capital for investment. A formidable bank like BNS and a quality energy infrastructure firm like Pembina can provide you permanent income throughout your retirement.

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2. Dividend Stocks
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