CPP Pensioners: Don't Just Rely on Your CPP Pension. Invest Also!

Description

The Canadian government knows how to take care of its citizens once they reach the age that they cannot work anymore. It has introduced several methods to help Canadian retirees enjoy a more comfortable retirement life. One of the ways it helps Canadian retirees is through the Canada Pension Plan (CPP).

The CPP gives would-be retirees sufficient leeway. On average, the CPP pays Canadian retirees $679 per month. You can increase the annual benefits from the CPP to enjoy an additional 42% compared to the amount you would receive if you start collecting it at 65 by delaying it until you are 70.

Of course, you must realize that even after the increase by delaying your CPP till you blow the candles on your 70th birthday cannot add a significant amount to your CPP payments. Relying just on CPP payments cannot sufficiently cater to the needs of a retiree looking to enjoy a comfortable life in retirement.

Boost your CPP income

Yes, the CPP will play a vital role in your retirement income. However, it can realistically cover around a third of your necessary retirement income for a comfortable lifestyle. Even delaying your CPP payments until you are 70 can help the average Canadian earn a maximum of just $964 per month.

It would be best if you took additional measures to make sure you earn a significantly higher retirement income. You should boost your CPP income, and that is possible through using your Tax-Free Savings Account (TFSA) to hold healthy dividend stocks for the long term.

Buying and holding stable dividend-paying stocks in your TFSA can allow you to earn through the company's capital gains and the dividend payouts. Holding the stock long term can enable you to accumulate a significant amount, as the dividends from the company's shares grow as free cash in your TFSA, completely tax-free.

An ideal stock to consider

You need to look for a stock that can grow in value over the long term to help you amass a substantial retirement fund. Additionally, the stock can provide you passive income through its dividends, provided you hold enough shares in the TFSA.

A stock that you can consider allocating some of the contribution room in your TFSA to is **Alaris Royalty** (TSX:AD). Alaris is a private equity firm with a unique business model. The company does not purchase businesses to reap benefits solely. Alaris allows the companies it acquires to retain control and share the profits.

It provides the capital that businesses need to grow without the need to share control over its operations with Alaris. The result is a massive portfolio of businesses succeeding due to Alaris's contribution and increasing growth for the equity firm. Its strategy allows the company to enjoy a remarkable profit margin and fuel its growth.

Foolish takeaway

Alaris stock is trading for $22.43 per share at the time of writing. It pays dividends of $0.1375 per share to its investors every month. It translates to a juicy 7.36% dividend yield. Investing just $30,000 in Alaris stock can help you earn an additional $184 per month through dividends tax-free.

I think that the Alaris stock can help you on your way to building a robust TFSA portfolio for a fantastic secondary source of income in retirement.

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