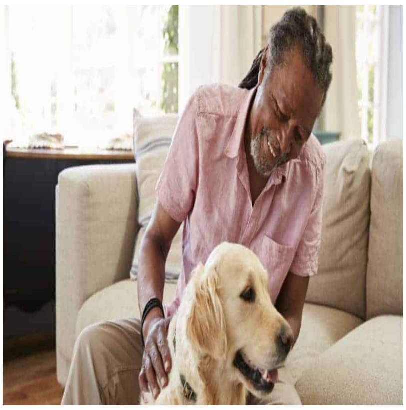

CPP Pension Users: 3 Smart Withdrawal Strategies for Retirees

Description

Withdrawing retirement funds should have as equal a priority as accumulating them. For retirees, following a withdrawal hierarchy is essential, and being opportunistic brings more benefits.

Here are three smart withdrawal strategies for consistent cash flows and tax savings during the sunset years.

Delay CPP and OAS

If you're nearing 60, and the retirement portfolio is small, consider delaying the Canada Pension Plan (CPP) and Old Age Security (OAS) until 70. By postponing, CPP and OAS payments in retirement will increase by 42% and 36%, respectively.

Prioritize TFSA

If you belong to a higher tax bracket heading into retirement, prioritize withdrawing from the Tax-Free Savings Account (TFSA) rather than the Registered Retirement Savings Plan (RRSP). It makes the most sense, because an RRSP withdrawal would trigger taxes.

Build tax-free wealth as early as possible and maximize your TFSA by investing in dividend titans. **Rogers Sugar** (TSX:RSI) is a dividend titan but is not as expensive as you would think. This $507.64 million sugar producer won't dent your budget.

You can purchase RSI at $4.84 per share and see your TFSA balance grow faster with its 7.33% yield. Many TFSA users depend on Rogers Sugar for passive income. The company has been in the business of refining, packaging, and marketing sugar for 23 years now. Besides, sugar is a consumer staple.

While demand for sugar is not declining, it remains a low-growth business. Rogers Sugar struggles from time to time when volume is weak or harsh weather conditions destroy crops.

Roger Sugar maintains consistent profitability, despite using the traditional sugar production method. The company, however, is in expansion mode, as it adds other products like maple sugar. These allied products have higher profit margins and should therefore increase profitability in the long run.

The RRSP

The RRSP is the pioneering fiscal vehicle in Canada. You'll gain the most advantage by allowing your investments to grow untouched and sheltered from taxes for as long as possible. The RRSP should be the last source that withdraw funds from after your TSFA and taxable investments are gone.

A top investment choice in an RRSP is a blue-chip stock like **Royal Bank of Canada** (TSX:RY)(NYSE:RY). You can pay yourself forward and significantly grow your retirement savings with the largest bank in Canada. RBC is also the 11th-largest bank in the world, with a top 10 global capital markets business.

Who wouldn't be happy making RBC a core holding if it has outperformed the TSX for 19 of the last 25 years? This $153.36 billion banking giant is a bastion of stability and longevity. RBC has been in existence since 1864 and prides itself on rewarding investors with dividends over the last 150 years.

Currently, the bank stock yields 3.89%. A $200,000 investment today will grow to $504,130.28 in 20 years. The odds are high that RBC will deliver double-digit returns in the long term. Keep a close watch, as the bank prepares to report Q1 2020 financial results on February 21, 2020.

Happy retirement

Retirement is not just about building a nest egg with dividend stocks like Rogers Sugar and RBC. You'll have a stable financial position in retirement through smart retirement withdrawals.

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