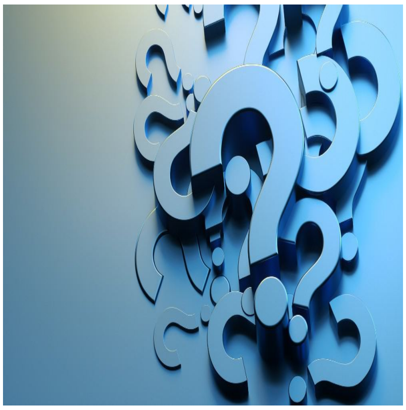

Can You Retire Adequately With $450,000 in Canada?

Description

Canadian investors who have managed to regularly invest their cash in tax-free savings accounts (TFSAs) and maxed out their Registered Retirement Savings Plans (RRSPs) and those ready to collect decent workplace pensions have set themselves up for a comfortable life in retirement.

Unfortunately, not all Canadians manage to do that. There are investors who are struggling to build a retirement fund that can offer them a respectable retirement income. There may be several reasons why their retirement savings have not been up to the mark.

Perhaps they focused more on paying off their mortgage loans or making sure their kids get into the best colleges in the country. It might have even been the loss of a job during their career that led to a decrease in their savings.

Investors with merely $450,000 in cash or equivalent assets are at risk of outliving their retirement funds, according to experts. For a comfortable life in retirement, you might need to have millions saved up.

If you don't have that kind of cash saved up, there are certain moves you can make to make a nominal retirement fund work wonders for you.

Move somewhere out of the city

Many people who have little retirement funds are living in a valuable house that has been completely paid off. My recommendation is to use the value of your property to your advantage.

You could consider selling the home and move to a location where the cost of living is significantly more affordable.

You could consider moving to a smaller community with cheaper real estate. The more extreme the option you go for, the better deal it might turn out to be. Selling your valuable property and choosing to live somewhere more affordable instead can put some serious cash bin your account.

Retirement income sources

The Canadian government offers its retirees multiple plans that they can take advantage of for retirement income. A Canadian couple that has maxed out their Canada Pension Plan (CPP) contributions over the years they have been working can look at potential revenue of $28,000 in retirement. Old Age Support (OAS) income can give you a maximum of $7,200 per person.

Between the OAS and CPP payments by the government, a retired couple can look at $40,000 of income. While it might not be a lot, it's certainly better than nothing.

Make smart investment decisions

If you're worried about not being able to live a comfortable life in retirement due to inadequate funds and retirement income sources, there is a way you can add a substantial source of income for retirement.

I would suggest making a smart investment move and invest in a dividend growth stock like **Canadian Utilities Ltd** (TSX:CU). Dividend growth stocks can deliver you predictable increases in income through payouts. You can use the dividends for spending money while you let the capital gains grow in your TFSA.

Canadian Utilities is always a name that comes to mind when I think of long-term investments. The company's record of raising dividends for the past 47 years is one of the most impressive on the **TSX.** At writing, its dividend yield is a juicy 4.19%, and the stock is trading for $41.53 per share.

Foolish takeaway

It's a company with strong fundamentals operating in a sector relatively free from the effects of any market downturns. These are both signs that its dividend growth streak will remain unbroken.

It could well be worth your while to allocate some of the contribution room in your TFSA to Canadian Utilities stocks so you can enjoy its tax-free dividend income.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

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

Category

1. Dividend Stocks

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