Retirees: Avoid This Major Mistake in Retirement

Description

It's no secret that a successful retirement comes down to saving enough money, proper financial planning, and a disciplined long-term investment strategy to both grow and protect your capital through the ups and downs of market cycles.

This is what's necessary for investors to get to retirement in an advantageous position, to reduce stress later in life and allow retirees to live out their golden years without any major financial concerns.

One thing that will be key for investors once they get into retirement is to change their investment approach while still keeping the majority of their funds invested.

You'll want to keep the majority of the money invested because leaving it in cash will severely reduce the purchasing power of the funds in the future, a major mistake.

Keeping the money invested in safe assets that won't bring any unnecessary risks while at least outpacing your portfolio from inflation will be key.

The accounts you'll make your investments in will vary from person to person and depend largely on your financial planning, figuring out when is most advantageous to withdraw money from each specific account.

Although your portfolio was probably filled with long-term stable stocks to begin with, in order to get you into retirement in as solid a position as possible, many of those companies you'll want to remain in your equity portfolio, especially the low volatility stocks.

An example of a perfect stock to own forever, right through retirement would be a company like **Telus Corp** (TSX:T)(NYSE:TU).

Telus most important for retirees is a reliable Dividend Aristocrat that will consistently grow your capital over the long run.

The stock is extremely stable, with a beta of just 0.62, meaning in theory that if the market is down

10%, Telus would only be down 6.2%.

It's part of the big three telecoms in Canada, an industry where barriers to entry are massive. With Telus' extremely strong business operations, the company is in an opportunistic position.

The investments it's been making in fiber have been attracting solid new subscriber numbers and should continue to provide growth going forward.

Plus, its wireless network is one of the best and fastest in the country, leading to an extremely low mobile churn rate of roughly 1%.

The company's positioning in the industry and its opportunities for continued growth look extremely attractive.

Things like the introduction of 5G coupled with the fact that Canada's mobile penetration rate is much lower than a number of its peers will provide natural growth to the industry for decades to come.

The continues growth allows the business to continue to raise its dividend each year, which is why it's one of the most attractive stocks on the Canadian Dividend Aristocrats list.

In fact, over the last five years, the company has grown its dividend at a compounded annual growth rate of 6.7%, while keeping its payout ratio consistent — around 75% to 80%.

Its dividend yields more than 4.3% today, and it might just be the best stock to hold going into as well as through retirement.

The fact that it's a low volatility stock with high-quality operations and pays a growing dividend makes it the perfect stock to hold forever to see continued growth — and compound your wealth.

CATEGORY

1. Dividend Stocks
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2. TSX:T (TELUS)

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