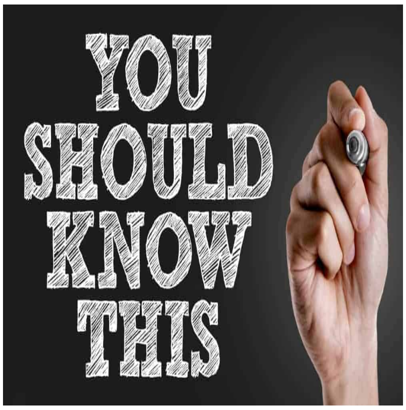

Working Past 65 Is a New Reality for Many Canadians

Description

Retirement is a funny thing. Some people look forward to it, hoping that they will get to do many things they couldn't do because of their busy work life. Some people dread it, and worry about how they will fill the time. But that's not what's keeping many near-retirees working past the age of 65. There are other factors at play as well.

About one in every five Canadians is working after they turn 65. But thankfully, most of these people are working in their older years because they *can*, and not necessarily because they *have to.*

According to Statistics Canada, the entity that compiled this census data, many elderly people are working because they possess a higher education level, and they can earn well in a less labour-focused and more service-oriented economy.

But increased debt levels among the elderly are also a factor. And people who don't have enough savings to generate a significant retirement income are also more likely to be working past the age of 65. This is something that could have been remedied in two simple steps: investing early and in dependable stocks.

Investing early

Many people who don't invest usually do so because they feel that investing small amounts might not amount for much in the end. This is where they forget the power of compounding and growth.

If you invested $10,000 in **Enbridge** (TSX:ENB)(NYSE:ENB) 25 years ago, and reinvested any dividends you got, you would be sitting on around $389,000 now.

Enbridge is one of the long-standing Dividend Aristocrats on **TSX**. The company's current streak is 25 years of continued dividend growth. Currently, it's offering a juicy yield of 5.77%. Your capital in the company will be earning you about $1,870 a month before taxes.

This is your growth with just one stock and on a one-time investment. Imagine how large you can grow your nest egg if you contribute every month or year, especially if you invest in the right stocks.

Coupled with CPP pension

When you get to 65, and you wish to retire, you have two ways of making up for your lost income source: the CPP pension and whatever savings you have.

The CPP will be your most dependable income source because it won't be depleted over the years, and you can count on it till the end. So many people make the smart move of not starting their CPP pension till they are 70.

This makes a huge difference. The average CPP pension at 65 is $679, whereas the average at 70 is $964. But based on your standard of living and financial needs, you might not be able to wait till 70 and be tempted to start your pension early. Thankfully, there's another way.

Say you have $1,870 coming in through dividends. You can make up for the additional $679 of CPP pensions by systematically selling your Enbridge shares.

You will only need to sell about $8,200 worth of shares a year. And as the company's market value grows just by 2.2%, it will make up for the sold shares, though your dividends will take a minor hit. And Enbridge grew its market value by 17% from the same time last year.

Foolish takeaway

If you plan on enjoying your golden years, you have to start exercising better financial control today. Save as much as you can and start investing. Use diversification as a hedge against potential losses.

But if you start early enough, chances are you'll have enough saved up by the time you are 65 and you'll be able to live on your retirement nest eggs comfortably. You might even be able to retire early if you plan properly for it.

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