Turning 60 Soon? You Might Want to Delay Your CPP Pension Until 70

Description

Incoming "sexagenarians" in Canada or those turning 60 years old are delaying the Canada Pension Plan (CPP) pension until age 70. The primary reason is apparent – a big financial advantage. You might want to do the same in case your 60th birthday is fast approaching.

The enticement is that your benefits will increase by 142% of what you will receive at age 65. Whereas when you become eligible at 60 and immediately claim your CPP, the payment would be 36% less. If you have no health issues or urgent financial need, it pays to be patient and not rush receiving the CPP.

The delay strategy should benefit you in three ways. You can increase retirement income, save on taxes, and protect yourself against outliving retirement fund.

Create investment income while waiting

You can be richer in than you think. Turn your life savings into retirement income. Some Canadians are a lot richer in the sunset years because they managed financial affairs earlier than others. The secret lies in saving and investing.

These wealthy retirees are regular investors with long-term financial goals. Even if you don't belong to the high-income bracket, you can set aside a modest amount of savings. With enough accumulated capital, you can invest in blue-chip stocks. But give yourself a long period to allow your money to grow through the power of compounding.

Your investment plus dividends from a dividend stock like **Toronto Dominion Bank** (TSX:TD)(NYSE:TD) can reach six figures or more. As the company is an established business operating for decades, you're mitigating the risks.

Although blue-chip companies are not required to pay dividends, many top-tier Canadian firms, including TD, have been paying dividends consistently for years. In the case of the second-largestbank in Canada, the dividend track record stretches 163 years.

A Big Five bank

Toronto Dominion Bank is a leading bank in North America, with a market capitalization of $137 billion. Retail banking is its strongest suit as it contributes 90% to total earnings. The Canada and U.S. retail banking segments are almost at par in terms of income contribution. The third core segment is wholesale banking.

TD serves more than 25 million customers worldwide and nearly 13 million of those are digital customers. Qualified clients can avail themselves of a wide range of retail, small business, and commercial banking products and services.

In the home country, TD's retail products are enjoying leading market share positions. Across the border, TD is present and operating in four of the top 10 metropolitan areas and seven of the ten wealthiest states in America. The U.S. expansion continues.

The bank is also advancing its capabilities in real estate banking as part of its growth strategy in North America. Over the next five years, the annual growth estimate for TD is 7.10%. This premier bank stock is currently paying a 3.93% dividend.

Worth the wait

You can see that more Canadians are preparing for retirement by the growing number of would-be retirees opting to delay the CPP. If you can save enough to create investment income from sources like Toronto Dominion Bank, you can compensate your pension when you finally claim it at age 70.

The key is to focus on improving your chances of retiring rich and be worry-free the rest of the way.

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