



Canada Pension Plan: Boost Your CPP Pension With 2 Stellar Stocks

Description

A cozy retirement is subject to a healthy wallet and a healthier bank account. This is why it's better to start planning for retirement as early as possible. One mandatory retirement plan that almost every working Canadian participates in is the CPP. While you get a decent monthly sum as CPP paycheques, on average, they are nowhere near enough to cover your expenses, especially if you are living in a rental or the house isn't paid off yet.

Hopefully, like other smart individuals, you would have saved enough in your working life to helping you glide through your retirement years. If you have and you want to put your savings to work and start generating a passive income to boost your CPP pension, investing in good dividend stocks might be an excellent idea.

A lender company

If you want a loan, regardless of what it is, your first instinct is to approach a bank. These financial behemoths seem like the most credible and reliable sources for generating loans of any scale. But while the banks are equipped to cater to a plethora of lending needs, your loan request itself might not qualify for a loan.

This is where non-bank lenders come in. **Timbercreek Financial** ([TSX:TF](#)) is [one such institution](#). It's an \$857 million-market-cap company that primarily service loans for commercial real estate solutions. The company focuses on solid, income-generating commercial real estate ventures, because such entities are highly unlikely to default on their loan repayment, thanks to their dependable cash flows.

The company was founded in 2016, and it's been issuing dividends to its investors since its inception. In the past four years, the company shifted from quarterly to bi-monthly and monthly dividend payments. Currently, it's offering a juicy yield of 6.78%.

\$100,000 in this company will earn you \$565 a month. The market value of the company is \$10.25 per share, and it's a 36% growth in the past three years (adjusted for dividends).

A private mortgage company

Atrium Mortgage Investment ([TSX:AI](#)) is another real estate lending company. It issues loans primarily in the urban centres of the country. The company offers loans on higher rates than the banks, because they can process loans much faster and offer relatively more flexible terms to the borrowers. This \$619 million-market-cap company has been operating in its niche market for over 19 years.

The company is highly stable (beta = 0.52), and profitable (profit margin = 80%). Atrium's dividend streak is even more stable. It has maintained its payout ratio of around 90% for the past five years and is currently offering a decent yield of 6.13%. So, \$100,000 in it is worth \$510 a month. The company has slowly but steadily grown [its monthly dividends](#) by 4.6% in the past five years.

But what the company has grown significantly better is its market value. The three-year returns are well over 50% and equate to a CAGR of 15%. If it continues to grow that way, the company has the potential to double your capital in five years. So, if you'd invested in it at 65 to pad your CPP income, you might have an additional \$100,000 by 70.

Foolish takeaway

It's always recommended to wait till 70 to start your CPP pension. If you are constrained for cash, starting your pension at the apt age of 65 or even at the early age of 60 might seem tempting. But the smart idea is to create a passive income to sustain you through those years from dividend stocks or systematically selling growth stocks.

So, at 70, you'll get the largest possible CPP cheque you can, and with two dividend streams augmenting it, you'll have a sizeable enough monthly income to really enjoy your retirement.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AI (Atrium Mortgage Investment Corporation)
2. TSX:TF (Timbercreek Financial Corporation)

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