How to Retire Comfortably With "Just" $697,000

Description

Scotiabank revealed the results of its retirement survey last month.

Interestingly, on one hand, about 70% of Canadians are saving for retirement but worry they are not saving enough.

On the other hand, "the average Canadian expects to need $697,000 in retirement savings, less than the average amount of $753,000 expected back in 2017."

It used to be that $1,000,000 was the magic amount to retire on, but Canadians realize they can start enjoying their nest egg with much less saved and without worries of running out of money.

Retire more than comfortably!

Here's how you can retire comfortably with "just" $697,000.

Essentially, billions of dollars of dividends are up for grabs in the stock market each year. Despite what you may have heard about the risky stock market, such as the possibility of losing your shirt, it really comes down to how much or little risk you choose to take.

For your retirement fund, you'll want to invest in quality dividend stocks that provide safe payouts. Additionally, you must buy these stocks when they're fairly valued but ideally when they're cheap.

Right now, you're in luck, because the stock market is in a correction. In today's market, you can get a safe yield of more than 5%.

Here's a list of such dividend stocks that are discounted and provide safe payouts to start you off on building your personalized retirement fund.

If you invest the same amount in each stock, the dividend income should grow faster than inflation, such that you'll more than maintain your purchasing power as you enjoy your nest egg.

Three discounted dividend stocks to buy now

A&W Revenue Royalties Income Fund receives royalty fees from the A&W restaurants across Canada. It has maintained or increased its dividend since at least 2005.

A&W stock's five-year dividend-growth rate is 5.5%. Coincidentally, it offers an initial yield of 5.5%, at under $35 per share at writing.

Scotiabank has a sizable scale in Canada as the third-largest bank in the country. Its international operations are largely focused in the Pacific Alliance countries that have higher longer-term economic growth as well as higher net interest margins.

BNS stock's five-year dividend-growth rate is 6.4%. At under $70 per share at writing, it offers an initial yield of 5.2%.

Pembina Pipeline has an integrated system of infrastructure that has been serving the North American energy industry for more than 60 years. It continues to expand that system strategically via acquisitions and projects in its pipeline while creating shareholder value.

Because of its smaller size compared to larger players like **Enbridge** and **TC Energy**, Pembina's acquisitions and projects can make a bigger impact on its bottom line.

Last month, Pembina reported stellar 2019 results with record earnings, cash flow, and adjusted EBITDA. This is a stark contrast against the backdrop of a battered energy industry.

The monthly dividend stock immediately offers a yield of 5.2% at about $48 per share at writing. Pembina stock's five-year dividend-growth rate is 6.5%.

Investor takeaway

Between the three dividend stocks, investors can get an average yield of 5.3%. This yield earns $36,941 of dividend income on a $697,000 portfolio in the first year.

If you have a considerable amount of retirement funds in your Tax-Free Savings Account, you'll save a substantial amount on taxes as well.

Canadians can retire comfortably on just CPP and OAS payments. So, having a solid dividend portfolio of $697,000 on top of any CPP and OAS payments should allow you to enjoy a remarkable retirement, which is more than comfortable!

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