Retirement Planner: Get These 3 Things Done Before You Retire

Description

Years when you should be planning for retirement tend to go by fast. The comfortable retirement you envision may not happen if you let the years pass by without acting. If you want to retire on your target date, you must get three things done beforehand.

These things have a lot to do with financial resources and their utilization. Iron them all out, and you're ready to retire.

Assess your retirement spending

Since you'll be your employer, determine how much you will spend monthly during retirement. From there, prepare a realistic budget. Aside from the necessities and recurring expenditures, include periodic expenses such as taxes or vacation. Don't forget to factor in health care costs.

Line up your retirement income

After figuring out your monthly cash outlay, line up your income sources. Most retirement planners are aware that the Old Age Security (OAS) and Canada Pension Plan (CPP) benefits are backbones of retirement. The pensions replaces only 33% of the average individual earnings.

Create more economic cushion

Evaluate carefully if your sources of income, including the OAS and CPP payments, are sufficient. If not, focus on how you can produce more income. You need to keep pace with inflation and cost of living. Invest your savings in incoming-producing assets like **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) and **Capital Power** (TSX:CPX).

BNS is a blue-chip stock that can earn a higher return than bonds. This bank has endured four global recessions in the post-World War II era, including the great recession of 2008.

Its dividend history is also the reason why BNS is ideal for retirement planners. Paying dividends has been the bank's practice for 188 years. At present, the stock yields a lucrative 5.03%.

If you have $350,000 in savings, the money can produce $17,605 annually, which is more than the $15,436.80 combined average OAS and CPP payout you will receive in a year.

BNS is starting 2020 on a positive note. In the recent quarterly earnings report, three notable developments came to light. Its retail portfolio in the domestic and international markets remains stable. The loan loss provision covers eight quarters, and, although the short-term outlook is cloudy, BNS can endure an impending recession.

Added cushion

An independent power producer (IPP) like Capital Power should hold up well in a declining market or recession. The business of operating power generation facilities will continue in the face of an epidemic. Capital Power produces and distributes electricity in Canada and the United States . People need electricity, and Capital Power will provide it.

Capital Power has been around since 1891 and its market cap has grown to nearly $4 billion. IPPs are generally regarded as low-risk with cash flows ever increasing. Last year, the company exceeded its financial targets. Adjusted funds from operations (AFFO) topped $555 billion or a 40% year-over-year increase.

The transformation into a green power producer should make Capital Power a more formidable IPP. Its current dividend yield is 5.3%, although management hopes to raise dividends through 2021. The annual growth estimate of 7.8% in the next years should be reason enough to attract retirement planners.

Proceed to retirement

After incisive planning, excitement builds up. Your investments in a blue-chip stock and flourishing IPP will give you a solid financial cushion during retirement.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CPX (Capital Power Corporation)

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