1 Reason Why the Market Crash Is the Worst Roller-Coaster Ride for Retirees

Description

The spreading coronavirus and plunging oil prices are turning financial markets into a big mess. For weeks now, investors have been witnessing crazy market drops. But the people who are on edge are retirees. Most are wondering how to get off the worst roller-coaster ride in recent history.

Those that are a few years away from retirement are having second thoughts. You can't enter retirement during a market downturn. The consequences are severe, because you might untimely withdraw rather than grow retirement savings funds. There is the option to delay your retirement.

Usual reasons to delay retirement

The primary reason why people are delaying retirement dates is to lower retirement income risk. If you don't have an urgent need for money or you have enough to tide you over until 70, the Canada Pension Plan (CPP) benefit will be 42% more than taking it at age 65.

The second reason is life expectancy; in Canada, the average age for 2020 is 82.52 years old. Given the longevity, the retirement period is expected to be longer. Thus, retirees worry about outliving retirement savings.

No stimulus to retire

The coronavirus outbreak has discouraged would-be retirees to take the retirement exit. If market analysts are saying the worst isn't over, who would want to rush into retirement with a less-than-ideal nest egg?

Only severe health issues and a dire need for money will prevent you from delaying retirement. Otherwise, the practical action is to save and build retirement savings as much as you can. The only stimulus to retire is to have substantial retirement funds.

Create an ideal nest egg

The first step to create an ideal nest egg is to turn savings into investments. Idle cash gives security but only to a certain extent. Investing in high-quality stocks like **Manulife** (TSX:MFC)(NSYE:MFC) will enable you to grow your money and have more during retirement.

At the current price of $15.76, your $50,000 savings can buy you about 3,173 shares of the renowned life insurer. Income-wise, the annual dividend is $3,555, because the current yield of this insurance stock has risen to 7.11%. Assuming the yield will remain constant, the capital should double in a little over 10 years.

Furthermore, the dividends you will earn can be your hedge against inflation. As the cost of living expense increases, the purchasing power of money decreases. Thus, you would need assets that pay higher than the inflation rate for a cushion.

In 2019, Manulife posted revenue growth of 108.8% versus the previous, while net income grew by 17.2% to $5.27 billion. John Hancock, a unit of Manulife, is one of the leading administrators of retirement plans in the U.S.

Time to save more

Anxiety has risen to an alarming level due to the deadly COVID-19. All plans, including retirement, are in disarray. If your retirement date is on hold, the best thing to do is to save as much and invest to keep building your nest egg.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/09/10
Date Created
2020/04/02
Author
cliew