CPP Pension Users: Your CPP Payments Are Still Safe in 2020

**Description**

“CPP contributions are safe” comes straight from the horse’s mouth. According to Canada Pension Plan Investment Board (CPPIB) President Mark Machin, retirement should be the least of the worries of Canada Pension Plan (CPP) users, even if COVID-19 continues with its destructive ways.



The head of the independent manager that manages the CPP fund adds, “The fund is in strong shape. It was designed to weather these types of significant market downturns once in a while.” The statement is a show of confidence to calm the fears of retirees and would-be retirees.

## CPPIB image

The CPPIB is known globally for its sound pension plan management. However, no fund is 100% insulated from the impact of COVID-19. As the crisis worsens, the value of investments will also lessen. The economic fallout is so massive that Canada will fall into recession later this year.

The coming recession is going to be steep, and Canada will take a big hit. Its annualized gross domestic product (GDP) growth rate is likely to decline by over 20%. One thing that protects the sustainability of the CPP fund is the diversified portfolio.

## No eggs in one basket

As of December 31, 2019, the total net assets of the CPP stand at $420.4 billion. Over the last five years, the CPPIB was able to deliver an annualized net real return of 8.4% (inflation-adjusted).

The strategy is to scatter the fund around the world and invest in bonds and private assets, particularly infrastructure. Infrastructure assets pertain to electricity, ports, and roads. The choice of investments is in assets that are less vulnerable to volatility to both prices and current returns.

## Sustainable investing

For the CPPIB, it's all about sustainable investing. Thus, individual investors who have long-term financial goals can follow CPPIB's lead. One of the board's notable stock holdings is **Pembina Pipeline** (TSX:PPL)(NYSE:PBA).

The business of this $15.7 billion company remains strong and resilient amid the current challenges. Pembina is a reliable energy transportation and midstream service provider in North America. Aside from its system of pipelines, Pembina operates an infrastructure and logistics business that serves the energy industry.

Currently, Pembina is trading at only $28.56 per share at writing. While the year-to-date loss is 39.58%, the dividend yield is a mouth-watering 8.81%. Historically, and over the last 16 years, this top-tier stock returned 1,115.06%, including dividend reinvestment.

The energy sector is slumping not only due to coronavirus, but also because of the oil price war. Pembina, however, assures investors that its highly diversified and high-quality assets will continue to deliver a resilient cash flow stream. Its self-funding business model also protects dividend from downturns.



## Take comfort

Machin views the growing global pandemic as a short-term threat, believing that the long-term approach is the best way to ensure the CPP is safe and secure when Canadians are ready to retire. The CPPIB is assuring the millions of CPP contributors to take comfort.

The board also suggests that CPP users prioritize the health of their families. Meanwhile, the CPPIB will focus on safeguarding the financial health of the CPP fund.

**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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