



CPP Pension Users: Use These 3 Strategies to Increase Your Income at Least 50%

Description

It's a scary time for folks who are looking to retire soon. Today's market chaos has impacted investments significantly, and who knows if your CPP pension is safe. After all, Canada's largest pension fund has a lot of money invested in the stock market.

The alternatives aren't even very appealing, either. In an effort to jumpstart the economy, the Bank of Canada has slashed interest rates. This might be good for the overall health of the country, but it's a particular burden on savers who don't want exposure to a volatile stock market. As I type this, the local branch of my bank is paying just 1.6% annually on a five-year GIC.

You'll need a big nest egg to retire comfortably on such piddly low interest rates.

It's not all bad news for CPP pension users, however. There are a few tricks you can use to maximize your income — tips that will come in handy if today's tough economic times linger. Here's how you can potentially increase your income during retirement by 50% ... or even more.

Delay taking your CPP pension

The first tip is an easy one, but it will require a little sacrifice. You can put off taking your CPP pension, delaying payments until age 70. In fact, delaying payments from age 65 to age 70 could see your annual [income increase by 42%](#) alone.

There are issues with this plan, however. It requires working longer — a sacrifice many folks don't want to make. Additionally, some people may be forced into retirement as they lose their jobs. Many companies use recessions as an excuse to get rid of highly paid senior employees. These people don't have the choice to simply delay retirement for a little while.

Remember, you don't need to delay your CPP pension by five full years to get a nice boost. Waiting until age 67 to take your pension will result in a 15% (or more, depending on how far into age 67 you

delay) increase in your income.

Take on part-time work

Many people use retirement as an excuse to try a new job. And with the advent of the so-called gig economy, it's easier than ever to dabble in remote work.

Some folks will try a slightly different approach and simply stay in their current industry. After all, you gain a lot of wisdom over the years. Volunteering to work part-time could also help your company survive this current crisis.

Part-time work isn't just about the money, either. It gives retirees a reason to leave the house, and many use work primarily as a socialization tool.

Invest in stable stocks

Remember, not every stock is volatile. Some are steady performers that offer succulent dividends, income that can nicely supplement your CPP pension.

Take **Rogers Sugar** ([TSX:RSI](#)) as an example. It and competitor Redpath Sugar effectively control the sweetener market in Canada. Imported sugar is restricted, as the federal government tries to support local farmers who grow the crop that's eventually used to sweeten desserts and drinks.

Many people are spending a lot of time baking during their time at home, something that should translate into impressive near-term profits for Rogers. And if my local grocery store is any indication, Canadians are going a step further and hoarding supplies like sugar, just in case supply chain disruptions really impact the economy.

Yes, Rogers Sugar shares have fallen with the overall market, but the stock is only down 10% or so compared to a couple of months ago. I think shares easily bounce back over the medium term. And remember, you've only booked a loss when you sell.

Perhaps the most compelling reason to own Rogers Sugar shares is the company's dividend. As it stands today, shares currently pay a 7.9% yield. That kind of payout is an excellent CPP pension supplement.

The bottom line

If you're frugal, I think it's [possible to retire](#) on your CPP pension (and OAS payments) alone. But that's certainly not an ideal retirement.

By following a few simple strategies, you can increase your income substantially while minimizing your total risk. Because the last thing you want to see when you're about to retire is huge losses in your account.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:RSI (Rogers Sugar Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/09/07

Date Created

2020/04/17

Author

nelsonpsmith

default watermark

default watermark