



## Why Today Is the Perfect Time to Pursue Your Early Retirement Dreams

### Description

The consensus is unanimous, especially if you talk to folks who are embracing the lifestyle: early retirement is fantastic.

It's easy to see why it's so enticing. Rather than punching the clock and attending meetings all day, folks who [retire early](#) are free to do whatever they want. Some pursue a passion project, taking the opportunity to finally get paid to do something they're passionate about. Others throw themselves into a hobby, working tirelessly on improving their golf handicap or traveling. And some early retirees take the time to decompress. They don't do much beyond a little house work and video games.

Early retirement is all about freedom. No wonder it's so enticing.

Even though most portfolios have been decimated amid the COVID-19 outbreak, many folks are using it as an excuse to embrace an early retirement lifestyle. Here's why I think people who are on the fence about such a decision should join them.

### Job stability

Most employers do value their workers. It's not just lip service; they really mean it.

There's just one problem: as we've seen recently, the health of the company is the most important thing. During periods of economic uncertainty, even strong organizations issue layoff notices first and ask questions later.

Many folks have been laid off with promises they'll be hired back soon. But what if the economy doesn't bounce back? Or what if their employers have no intention of keeping that promise?

With this kind of uncertainty, it's little wonder why many want to get out of the corporate rat race as quickly as possible. They prefer something where they can make their own rules, even if that means not working at all.

## A great time to try

There are many investors — especially baby boomers — who have been thinking about an early retirement for a while. They have substantial savings and good [passive-income streams](#). They've crunched the numbers on retirement calculators and everything looks positive.

So, why haven't they taken the plunge?

There's a lot of uncertainty in retirement, especially for folks who are a little risk adverse in the first place. What if you run out of money? What if your carefully constructed passive-income empire sees dividend cuts?

These are questions that will keep most investors up at night. But there's good news. We just experienced one of the nastiest bear markets you'll ever see. And yet most companies continued to pay dividends, and we've already gained back many of the losses.

Another reason why today is a great time to pursue early retirement dreams is, you'd be starting at an almost worst-case scenario. Things only look to get better from here. If your portfolio can survive this latest downturn, I like its chances when the next big thing decimates markets.

## You likely need less than you think

Forget what the naysayers say. Most people don't need millions of dollars to retire. \$1 million should be plenty for most, especially if your house is already paid off.

A \$1 million portfolio invested in stocks that pay a 5% dividend will generate \$50,000 in income. This passive-income stream will be taxed at an advantageous rate, and you'll likely cut other expenses as well. These two advantages will help ensure you can afford an early retirement.

There are dozens of stable Canadian stocks that pay more than 5% annually today. **BCE**, Canada's telecom giant, pays a 6% yield. Combine that with another stock that pays 4% — like **Algonquin Power and Utilities** — and it's easy to get an average yield of 5% with excellent dividend coverage.

## The bottom line on early retirement

If you've been thinking of early retirement for a while but have been too scared to take the plunge, today is the perfect time to do so — especially if you've just been laid off.

And if you're a younger employee who has recently become disillusioned with work, it's time to start working on your own early retirement plan. Because, as we all know, another economic slowdown will happen sometime in the future. Wouldn't it be nice to have options the next time things look this uncertain?

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