Retire Early From the 2020 Market Crash

Description

You may be close to retirement or still have 10, 20, or 30 years to go. It doesn’t matter which stage you are in your life. You can retire early from this market crash. In other words, the 2020 market crash is your ticket to move your retirement date much earlier!

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How much do you need to retire?

You can retire when you have accumulated enough assets from which to draw. It’d be even better if you can generate income streams from those assets. This way, you don’t have to worry about running out of money from drawing down assets.

Getting to $1 million used to be the goal. However, you might not need that much to retire comfortably. It’s different for everyone.

A breadwinner for a family of four needs much more than someone that’s single and only has himself or herself to feed and please. Folks who love to go on vacations will need more to retire on than others for which vacations are not necessities.

After you’ve calculated how much income you need to spend on your needs and wants every month, you can figure out how much you need to retire on.

For example, if you need $3,000 a month, then, you need to come up with $36,000 a year.

Choose your form(s) of income generation

There are different ways to generate income. You can generate hefty income from rental properties, but that requires a lot of capital upfront.

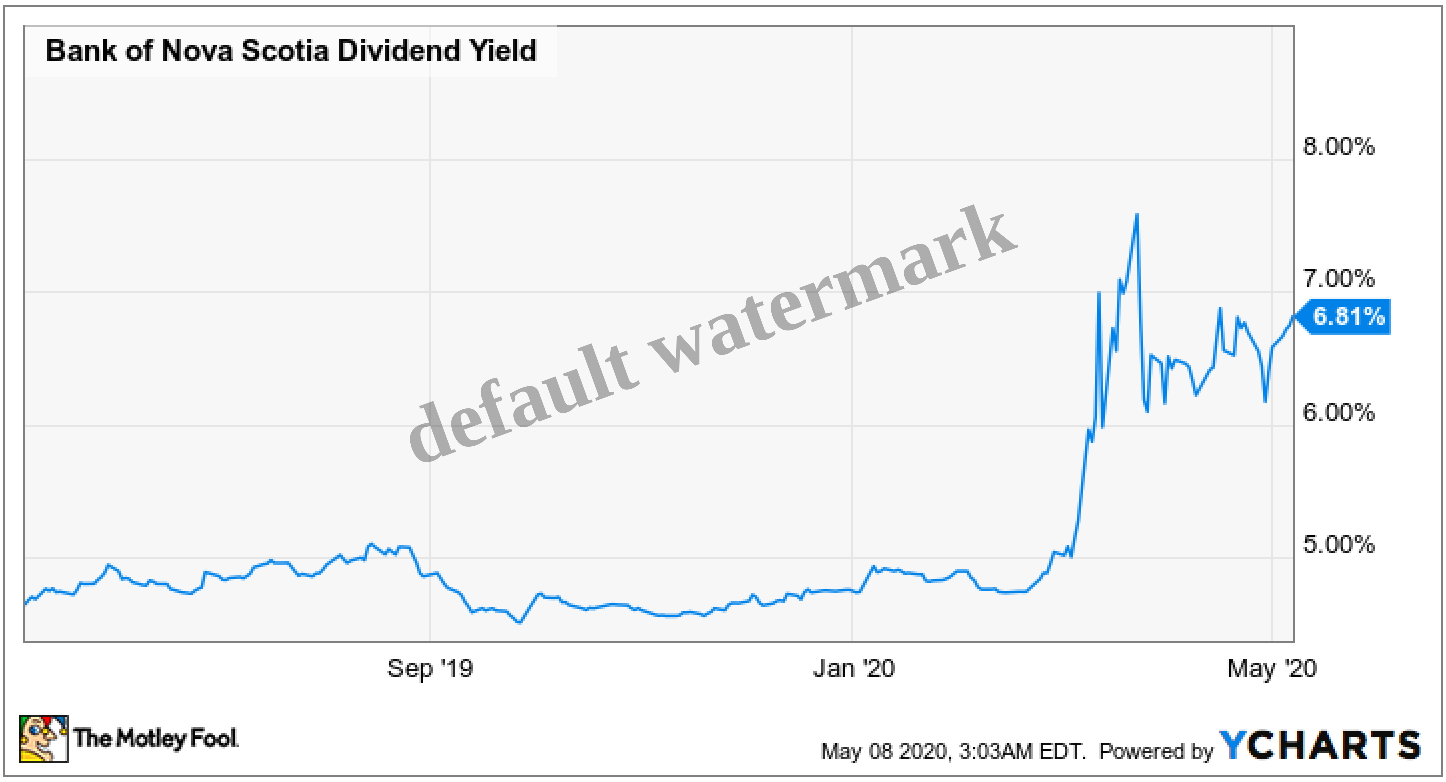
You can use a smaller amount of capital, without having to borrow any money, by investing in dividend stocks. Moreover, a dividend stock portfolio can be as diversified as you need it to be. You can consider banks, telecoms, utilities for income.

When in doubt, consider the leaders in the industries first. That'd be **Royal Bank**, **BCE**, and **Fortis**.

Retire early with dividend stocks

The market crash has put many dividend stocks much cheaper than what they were before. The yields of these dividend stocks have been pushed up. So, investors can now get more income with less money invested!

Here's a quick example. Before the 2020 market crash, **Bank of Nova Scotia** stock yielded roughly 5%. Now, it offers a yield of close to 7%! That's a 38% boost in income.



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BNS Dividend Yield data by YCharts

Indeed, the economic outlook doesn't look so good right now, which is why the bank is cheap. However, its dividend has good coverage with a payout ratio of about 56% this year's estimated earnings.

Other depressed dividend stocks offer yields of 7% or 14%, including **Enbridge** stock that yields north of 7% at writing.

In this market crash, you can get a safe average yield of 5-7% on your new dividend investments.

If you have lots of cash sitting on the sidelines, you can push your retirement date much earlier by putting some of that money to work in quality dividend stocks immediately.

The Foolish takeaway

Stop thinking about an early retirement. Start planning and act now so you can truly retire earlier. This market crash is your ticket to retire earlier, as many dividend stocks are trading at much lower levels and their yields lifted much higher.

This is your retirement portfolio! Always focus on business quality and dividend safety.

Stay hungry. Stay Foolish.

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