



## 3 Ways to Have a Prosperous Retirement on Just CPP and OAS Payments

### Description

As millions of Canadians lose their jobs, many are beginning to accept a painful new reality. Their retirement has started whether they like it or not.

Many companies have been permanently impaired because of COVID-19. The economy will eventually bounce back, but that's of little consolation to some of Canada's older workers. These folks face an uphill battle finding another job even after things return to normal. After all, such a phenomenon happens after every recession.

Something that's causing these folks even more stress is they haven't adequately saved for retirement. Their plan was to just keep working as long as possible, creating a short retirement. These plans must now be scrapped.

If you're facing an uncertain retirement without [many savings](#), don't fret. Here's how you can thrive on just Canada Pension Plan (CPP) and Old Age Security (OAS) payments.

### Move somewhere cheaper

Moving is expensive, stressful, and just generally a bad experience. The only fun part is when it's over.

But it can really free up a lot of capital for retirees, especially those who live in Canada's largest cities and have paid off real estate. A move from Toronto to Thunder Bay, for example, can easily put hundreds of thousands of dollars in your pocket.

That cash can be then invested in a portfolio of dividend-paying securities like **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)). Telus offers investors a solid dividend yield of more than 5%, a history of dividend growth, and the stability of having one of Canada's best telecom networks.

Those assets should appreciate over the long-term as communication continues to be important. And remember, Telus is expanding into some interesting sectors including health care and call centers.

Say you free up \$250,000 worth of home equity and invest it a portfolio of solid Canadian stocks — including Telus — that yield around 5%. That decision alone will add more than [\\$1,000 per month](#) to your income.

## Embrace other government programs

A typical couple can expect to receive a little more than \$2,000 per month from CPP and OAS alone. That's a nice start, but it likely isn't enough for most folks.

Fortunately, there are a multitude of other government programs that low income retirees can tap. A big one is the Guaranteed Income Supplement (GIS), a federal government program designed to supplement the income of low income seniors. You may qualify for some extra cash there.

There are also numerous provincial and local programs as well. Most places offer subsidized seniors apartments. There are many provincial and federal tax credits for seniors, too. Various provincial governments offer interesting perks, too.

It'll likely take a little paperwork to be approved, but government programs can easily put a few hundred dollars per month back in your pocket.

## You need less than you think

Many pundits and mutual fund managers like to tell Canadian savers they can't retire comfortably unless they have millions stashed away.

But for many Canadians, that's simply not true. They find they spend significantly less in retirement, even after factoring in things like travel and spoiling the grandchildren.

Many expenses diminish significantly during your golden years. There's no more commute, which will likely save hundreds of dollars per month. And there are no work lunches or business casual wardrobe to buy either.

Taxes also go down significantly. After all, income usually takes a dive during your later years, especially if you've retired without a whole lot of investments. CPP and OAS income is taxable, but that's not an issue for low income seniors. These folks get to keep every penny of their pensions.

Combine all this together and many seniors don't find it much of a sacrifice to survive on \$2,000 or \$3,000 per month, especially when the house is paid off and there's no other debt.

## The bottom line on retirement

If you've been forced into retirement by the COVID-19 economic fallout, don't fret. By following these three important steps, your retirement is in much better shape than you may have originally thought. You might even have enough to live very comfortably.

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