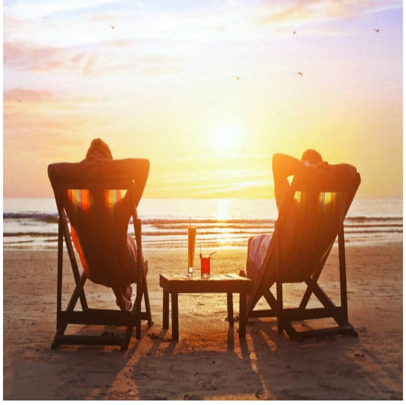

Retirees: Boost Your CPP Payments With 1 Simple Move

Description

If you're a Canada Pension Plan (CPP) user, there's an assurance of income replacement in the sunset years. However, the 2020 coronavirus outbreak is changing retirement goals, especially those of people nearing the retirement exit.

The pandemic is causing financial strain to both the working class and retirees. Hence, would-be retirees are facing a tough decision today. In case you're one of them, one simple move can boost your CPP payments. You can delay retirement and wait until you reach 70 years old.

CPP options

Understand first that the earnings-related public pension plan will replace only 33% of regular income. But for practical intent and purposes, receiving more is always beneficial to a retiree.

The CPP considers 65 as the default or standard retirement age, although you have three options. You can take it early at 60 when you become eligible, retire at the usual age, or push back the date to 70. The delay option offers an incentive, while the early option is less appealing.

When you choose to defer the CPP to age 70, the incentive is that the payment will increase by 42%. The permanent increase is 8.4% per year for every year after your 65^{th} birthday. There is no further increase or incentive after 70 years old.

On the other hand, taking the CPP at age 60 will reduce your permanent pension by 36%. The disincentive translates to a 7.2% reduction per year before your 65^{th} birthday. CPP users who take this route have either health problems or urgent financial needs.

Protection against longevity

Based on the projections by the United Nations, 82.52 years is the current life expectancy in Canada (82.37 in 2019). Thus, if you're healthy with sound mental faculties, delaying the CPP is the best option.

Since the CPP is an income stream for a lifetime, you eliminate the fear of outliving your retirement money. But if you also fear that the CPP plus the Old Age Security (OAS) benefits aren't enough, why not look for other sources of retirement income?

Other income forever

When scouting for other income-providers, focus on established and dependable ones. **Fortis** (TSX:FTS)(NYSE:FTS) is much-loved by retirees. This utility stock will shield your money while compounds at the same time.

Bear in mind that this $24.83 billion utility company from St. Johns, Canada distributes electricity to retail customers. At the onset of the coronavirus outbreak, Fortis knows how important it is to maintain and operate its electricity grids and natural gas networks in the home country, across the border, and in the Caribbean.

Market analysts remain upbeat despite Fortis missing earnings estimates in Q1 2020. For the quarter, revenue and net earnings dropped by 2.73% and 0.3%, respectively. Fortis is a regulated utility firm with a strong rate base growth. There's nothing alarming about the minimal percentage drops.

In the stock market, Fortis continues to outperform the general market. At $51.28, as of May 13, 2020, the year-to-date gain is 3.15%. The dividend stands at 3.61%. With a dividend streak of 46 years, Fortis is a stock you will hold forever.

Worth the wait

If you can stay healthy and fit, consider delaying your CPP. The wait is worth it.

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Date
2025/08/25
Date Created
2020/05/18
Author
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