



## Canadians: Do You Really Need \$1 Million to Retire?

### Description

We've all heard the talking heads on TV and read the articles in magazines. Without at least \$1 million invested, we're destined to live our golden years, struggling to afford even the basic necessities of life. Or so they say, anyway.

I've always questioned this wisdom. There are several reasons why retired folks may end up needing less than they think.

Firstly, expenses will decrease. You'll no longer have an expensive commute to work or have to shell out for business casual clothes. And, perhaps most importantly, you'll no longer have to save for retirement. That alone can easily put an extra \$500 or \$1,000 per month into your back pocket. The mortgage will likely be paid off by then, too.

Then there's the motivation of the pundits. These folks often work for mutual funds or banks, companies that have a vested interest in upping assets under management. It's good for business, after all. Yes, most people want to leave an inheritance. But it's silly to save more than \$1 million when less than that will do. That cash should be spent, not hoarded.

Many also forget about how much Canada Pension Plan (CPP) and Old Age Security (OAS) earnings will help the average person retire. The average Canadian couple can look forward to approximately \$2,500 per month in payments from these two sources. That's a great start right there.

Put all this together, and the conclusion is clear. Most folks won't need millions of dollars to retire. In fact, I'd say a lot of baby boomers can afford to [retire on just \\$500,000](#).

Let's take a closer look at one investment that folks looking to stretch their retirement dollars can make, a safe high-yield stock that can really help someone retire without a whole lot of capital.

## Enter Crombie REIT

**Crombie REIT** ([TSX:CRR.UN](#)) is one of Canada's largest owners of grocery-anchored real estate. It

owns 285 properties in total, spanning more than 17 million square feet of space. Sobeys and Safeway stores are by far the REIT's largest tenants, contributing approximately 55% of total rents.

In a world where many retail REITs are struggling, Crombie is doing just fine. Yes, some of their smaller tenants are having trouble paying rent, but it still collected 87% of total rent owing in April. May's numbers aren't out yet, but I'd expect them to be about the same. Crombie has also pledged to help many of its smaller tenants get back on their feet with rent deferrals.

The company is also just beginning an ambitious redevelopment plan. It owns dozens of properties in major Canadian cities that have oodles of potential. In total, the company plans to redevelop 33 different properties, adding 1.3 million square feet of commercial space and nearly 10 million square feet of residential space. Two properties in Vancouver and Montreal should be completed this year, adding nicely to the bottom line in 2021.

Thanks to its dependence on grocery tenants, Crombie offers one of the most [secure dividends](#) in the entire sector. The current payout is 6.9%, a distribution easily covered by earnings. Crombie also has an excellent balance sheet, meaning it can easily afford to dip into its savings if there are a lot of vacancies.

## The bottom line

You'll likely need less than you might think to retire. You won't have to be a millionaire, anyway.

And just think; \$500,000 invested in stocks like Crombie REIT yielding 7% would generate an additional \$35,000 in income. Add that to CPP and OAS and we're most of the way to a very comfortable retirement.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CRR.UN (Crombie Real Estate Investment Trust)

### PARTNER-FEEDS

1. Business Insider
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