



## Boost Both Your OAS and CPP Pension in 1 Fell Swoop

### Description

The Old Age Security (OAS) and the Canadian Pension Plan (CPP) are essential to retirees. It's money to cover the necessary retirement expenses. However, the coronavirus outbreak exposed the [need for a higher pension](#) during a crisis. Thus, retirees are receiving an extra \$300 in June 2020.

The federal government saw it fit to grant seniors financial relief via a one-time boost in OAS payment. If you're a working senior, you can also qualify for the Canada Emergency Response Benefit (CERB). But if you find the combined OAS and CPP payments [too small for your comfort](#), you can boost both in one swoop.

### Delaying your pension is an option

You don't have to be rigid and retire at 65, which is the average retirement age set by the OAS and CPP. There is upside if you delay the pensions until you reach 70. Many retirees are taking this option to receive higher payments.

The pre-condition is that you're taking care of your health and are physically fit. By delaying both OAS and CPP, you'll receive more than \$15,436.80 annually. For the OAS, the monthly pension payment increases by 0.6% for every month you delay after age 65. It would translate to a maximum 36% increase at age 70.

When you defer the CPP as well, the maximum increase is 42%. Effectively, the permanent percentage increase is 8.4% per year for every year after your 65th birthday. Seniors with no health issues can take advantage of this incentive.

Keep in mind that you will not be eligible for the Guaranteed Income Supplement (GIS) if you delay receiving your OAS. Concerning the CPP, there is no further increase after age 70.

### Have other income sources

The OAS and CPP are partial replacements of your pre-retirement income. As such, you can't expect to subsist on only these government pensions. The bulk of retirement income must come from other sources like stock investments.

Prospective retirees often choose **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) as their income provider in the sunset years. This \$43.44 billion bank beats all other publicly listed companies in terms of dividend track record. BMO has been paying dividends since 1832. You will have an income stream just like a pension.

If you purchase the stock today, you're buying it at a 31% discount. The current price is \$67.92 versus \$98.40 at the beginning of 2020. Currently, BMO is offering a 6.26% dividend. An investment of \$200,000 and a 20-year investment period will result in a nest egg of \$673,637.46. The annual passive income is \$12,520.

Despite the 55.3% year-over-year drop in net income in the second-quarter fiscal 2020, investors are maintaining a bullish sentiment. The lower expenses and improvement in loan and deposit balance are positive signs.

According to Darryl White, BMO's CEO, the strength and resilience of the bank's overall diversified business model has been tested. BMO is performing well amid the present challenges. The bank can overcome the storm as it had in past storms.

## Retirement exit

Aside from health concerns, the reason for claiming the OAS and CPP before 65 is urgent financial need. Otherwise, you're okay to take the retirement exit at age 70.

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**Date**

2025/08/25

**Date Created**

2020/06/01

**Author**

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