
Ready to Retire? If You Can't Answer These 3 Questions, You're Not

### Description

Retiring is always a difficult decision, but the coronavirus pandemic has made it painful. People approaching the crucial phase in life are no longer as eager as before. Many would rather postpone instead of rushing to the retirement exit.



How much is enough? There is no perfect answer to this long-standing question, because there is no magic number. The amount is relative and depends on the kind of lifestyle a retiree desires. However, the common goal is a comfortable and carefree retirement.

If you have the same objective, your answers to the following questions should determine your preparedness. Be truthful, or else you're setting yourself up for a disaster.

## Are you ready to downsize?

Your regular paycheque isn't coming anymore, so you will subsist on your pensions such as the Canada Pension Plan (CPP) and Old Age Security (OAS). It will require budgeting discipline on your part, because you need to slash your usual spending significantly. Healthcare costs might increase too as you get older.

It would help if you can assess your retirement expenses early. The combined total of the CPP and OAS might be inadequate to address or cover all your needs.

## Are you free of debt?

If paying bills during retirement will be a struggle, having debts will completely drain your meagre pension and slice a big chunk out of your retirement savings. Thus, start paying down debts, especially those with high interest. You don't want to keep working and be a prisoner of debt.

## Are you saving and investing?

Your CPP and OAS are replacement incomes but cover less than 40% of the average pre-retirement income only. Thus, it's advantageous to have other sources of retirement income.

Blue-chip stocks like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) are game-changers for retirees. This $111.5 billion financial institution and the second-largest bank in Canada has a 162-year tradition of paying dividends. You'll have a reliable source of steady income for a lifetime.

Saving cash is good, but the money won't compound to increase your retirement wealth. Investing is a better alternative. TD is a haven for risk-averse investors. For the last 20 years, the total return of this A-1 stock was 554.49%. At present, the dividend yield is 5.24%. Your $100,000 savings can produce $1,310 in quarterly earnings.

The economic impact of COVID-19 is harsh, although TD should overcome the headwinds, as it did during the 2008 financial crisis. No other company reported revenue and earnings growth, except this Canadian bank.

## 100% confident



Forget about the pre-corona days, or the good old days. They're not coming back anytime soon. Everyone is pushing the reset button to greet the new normal. However, the solution to a successful and graceful retirement remains the same.

Prepare ahead of time and develop a financial plan where you will see the flow of money. Adjust your retirement strategy, so you can fill the gaps. Remember that investment income is necessary, because you can't rely on pensions alone. Also, cash reserves can deplete over time.

You are 100% confident of retiring if your answer is yes to all three questions.

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