



## Retirees: Can You Survive on Just OAS and CPP?

### Description

Many soon-to-be retirees are facing a dire future. They're set to retire on only OAS and CPP.

This misstep wasn't on purpose, of course. Most of these folks worked diligently throughout their career and always intended to save money. But life has a way of interfering with even well-laid plans. Things always come up — like having to move for work, kids needing financial help, or other unforeseen circumstances.

Many unfortunate people end up decimating their retirement savings early because of unplanned health issues that force them away from the workforce. They want to work, but their body won't cooperate.

No matter what the reason, having to face a retirement with only OAS and CPP is a tough future. But I also believe that most [retirees](#) can get through it with a little bit of sacrifice and innovative thinking.

If this is your future, let's look at a few strategies you can use to make it a little more palatable.

## How much can you expect from just OAS and CPP?

The first thing I should mention is retiring on just OAS and CPP is much easier if you're married.

We'll assume both you and your spouse collect average CPP payments and maximum OAS payments, which combine to approximately \$1,300 per month. Add in other government programs — like the Guaranteed Income Supplement, among others — and a couple who want to retire on only OAS and CPP benefits are looking at an income approaching \$3,000 per month.

While that isn't enough to live in luxury, it's still a nice start — especially if we combine it with a few other strategies.

## Sell the house

Many folks took their retirement savings and used that cash to pay off the mortgage. They're facing decades with only OAS and CPP for income sources, but at least the house is paid off.

The solution to this dilemma is easy, although I know most retirees won't want to entertain it. The way to maximize your dollars in this scenario is to sell the property and move into something smaller.

You can really put dollars in your pocket by moving to a smaller city. There are dozens of small-to-medium sized cities in Canada where you can buy a condo for \$250,000 or less. Unfortunately, this may involve moving a few hours away from your friends and family.

Say you net \$250,000 from this transaction and put that cash to work in the **BMO Canadian Dividend ETF** ([TSX:ZDV](#)), which yields a solid 5.5% today. That would increase your income by nearly \$14,000 per year.

A smaller house would also decrease your living expenses. Everything from taxes to utility costs would end up being lower.

## Check out subsidized housing

If you don't have a house to sell, don't fret. There are still ways to decrease your living expenses.

Many cities offer subsidized housing for seniors. These apartments are usually in high demand, so many city folk will apply to live in similar housing in smaller towns.

My small town — population 8,000 — has close to 100 subsidized apartments, with many of those reserved for seniors. There are wait lists, but folks who have limited income are usually vaulted to the top of the list.

These programs are generally income based, but don't sweat it if you have some investment income. These rules are designed to keep rich folks out, not people with a small investment [portfolio](#).

## Get a job

This may not be an option for many retirees, but getting a job is an excellent way to stretch your income, even if you make just a few hundred dollars per month.

Common jobs for older people including driving school buses, bagging groceries, or even doing a little part-time work in your previous career. Getting out of the house is excellent for your long-term health, too.

## The bottom line

I won't sugarcoat it. Surviving your golden years solely on OAS and CPP won't be easy, especially if

you're single.

But it's certainly possible if you take steps like selling your paid-off home, using government programs like subsidized housing, or working a little bit. Heck, maybe you'll even make enough to spoil the grandkids.

## CATEGORY

1. Dividend Stocks
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1. TSX:ZDV (BMO Canadian Dividend ETF)

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