



Here's 1 Neat Trick to Boost Both Your OAS and CPP Pension

Description

Soon-to-be retirees are likely to take a detour and not rush to get to the retirement exit due to the 2020 pandemic. They can still look forward to the Old Age Security (OAS) and the Canadian Pension Plan (CPP), because the benefits will be there when they retire.

The one-time OAS boost of \$300 should be fine for now as financial relief. Working seniors can also qualify for the Canada Emergency Response Benefit (CERB). However, there's a need to evaluate the options or find ways to [receive more OAS and CPP payments](#).

There's one neat trick a would-be retiree can do to boost both pensions.

Take advantage of the incentives

The OAS and CPP are offering incentives to prospective retirees. Your only requirements are to be in good health and open to retirement past the average retirement age of 65.

You can delay receiving the OAS and CPP pensions until you reach 70. The payments will adjust upward if you take the delay option. The OAS incentive is that for every year of delay after 65, the amount will increase by 7.2% per year (0.6% per month). The total OAS increase is 36%.

On the CPP side, the incentive is higher. If you defer receiving your CPP until 70, the maximum increase is 42%. The permanent percentage increase per year is 8.4%. Thus, instead of \$15,436.80 annually, the combined total bumps up to approximately \$21,478.50. It should be worth the wait if you can take advantage of the incentives.

Grow your nest egg

The pandemic shouldn't spoil your retirement plans if you have other sources of retirement income. Your OAS and CPP are [not your nest eggs](#), although both are partial replacements of the average pre-retirement salary.

The bulk of retirement funds are investment income or dividend earnings from blue-chip stocks like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). The second-largest bank in Canada is a core holding in many stock portfolios. Be it millennials, the middle-aged, or retirees, TD is a top-of-mind investment choice.

In crisis or calamity, this \$108.78 billion bank will provide you with a steady income stream. TD is a Dividend Aristocrat whose dividend track record is 163 years. There's also an incentive if you purchase the bank stock today.

TD is down 15.22% year to date, which means you're buying the stock at a discount (\$60.32 per share). The dividend offer is a high 5.11%. An investment of \$100,000 will produce a quarterly lifetime income of \$1,277.50. In 20 years, your nest egg will be worth \$270,944.74.

Worry-free

The delay option is a neat trick to increase your OAS and CPP payments. But it would be best if you were to take good care of your health while patiently waiting. Also, one last reminder is that you will not be eligible for the Guaranteed Income Supplement (GIS) if you delay the OAS. For the CPP, increases are up to age 70 only.

Stay safe, as you keep your retirement plan on hold. By the time you get there, your OAS and CPP plus the nest egg should make for a worry-free retirement lifestyle.

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