



Retirees: Your 1st 3 Years of Retirement Are Crucial

Description

Retirement for many is the time to live life. After years of working and earning, you want a laid-back atmosphere with no pressure whatsoever. As an autonomous person, you can do as you please.

However, financial resources will play a major part. They should last a lifetime, so you can live life to the fullest during your [sunset years](#). The first three years of retirement are crucial, because you adjust to your new level of income. If you spend like there's no tomorrow, you could outlive your retirement money.

Set your priorities right

Setting priorities is a must for would-be retirees the same way it is in pre-retirement. Missteps in the early years of retirement can snuff the fun out of life's final stretch.

You can't retire without setting aside a few years of income. You'll still be spending while waiting for the pension to arrive. Assess your retirement expenses first, so you will know the fixed income you'll need.

Taking a loan isn't advisable. The interest costs might be higher than the level of your investment returns.

Pension shortfall

Retirement can sometimes be the longest span in one's life. There is comfort, because you have the Canada Pension Plan (CPP) and Old Age Security (OAS) to cover your basic needs. Unfortunately, both pensions won't suffice as your only source of retirement income.

Expenses will increase as you get older, particularly health costs. You'll need to increase your budget to cover other outlays and have money for that dream vacation. Investment income should fill the [shortfall](#) of the CPP and OAS.

The transition is quite challenging if you're ill-prepared entering retirement. Less money is always the central issue. Aside from the monetary concerns, you have to deal with psychological issues, as you settle into a slower lifestyle.

Hassle-free transition

Your transition could be less stressful if you have a wellspring that is pension-like and inexhaustible. **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is among the "buy-and-hold" stocks you can own. This bank can provide you with an income stream for a lifetime like your CPP and OAS.

BMO is a Dividend Aristocrat with an unbeatable track record of 191 years. Aside from being the pioneer in dividend payments, this \$46.1 billion bank sustained the payouts through the years, including periods of recession and cyclical markets. Retirees with BMO as core holding will not regret the choice.

If you purchase the bank stock today, you can add more to fortify your savings and grow your retirement income. At the current price of \$72.11 per share and dividend yield of 5.97%, a \$50,000 investment will generate \$746.25 in quarterly income. Your money would be worth \$119,320.21 if you hold the stock for 15 years.

Trial balloon

Even retirees with a comprehensive retirement plan will have to make adjustments. Three years into retirement should be enough to organize and structure your finances. Once you're over the trial balloon, you can pursue what's on your bucket list.

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