



The Pandemic Reveals Why You Shouldn't Rely ONLY on the OAS and CPP Pension

Description

Will COVID-19 hurt your dreams of the future? It is a scary question most retirees ask, because the 2020 pandemic is unlike anything people have seen before. The swift blow is causing widespread financial dislocation.

You can still look forward to receiving the Old Age Security (OAS) and Canada Pension Plan (CPP) when you retire, but with guarded optimism. Many Canadians aren't too confident now about [relying on both pensions](#) during retirement.

The pandemic is revealing that besides health, financial stability is of equal importance. If you don't have enough cash savings to cover emergencies or unforeseen expenses, you are in serious trouble.

Know your spending

There is a process to ensure financial stability, but the steps require discipline and sacrifice. The order of priority is as follows: reduce expenses, increase retirement income, and avoid borrowing as much as possible.

Start reducing your expenses and practice thrift spending. Know what you spend your cash on today. Whatever non-essentials or whims you can forego could add to savings. Once you form the habit, your frugal lifestyle will extend well into retirement.

Keep investing

A secure retirement means having a stable income source apart from the OAS and CPP. People invest in dividend stocks not just to prepare for any eventuality but to live in comfort during the golden years.

Typically, a retirement planner sets a 10- to 20-year window depending on the amount of investable funds. There's also a systematic withdrawal plan in place to preserve the nest egg.

Investing comes with risks, but you can mitigate these risks. Look for companies whose businesses will not wilt in a pandemic or recession and become more formidable after a crisis.

Wealth builder

The investment landscape is volatile due to COVID-19. Still, there are cornerstone stocks you can depend on for extra income and [wealth building](#). Telecom giant **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) can be your core holding come hell or high water.

This blue-chip stock pays an incredibly high 5.88% dividend. Your \$20,000 savings will produce \$1,176 in passive income. In 20 years, your money will triple in value to \$62,705.94.

BCE functions like a utility company. Telecommunication services and the internet will perpetually be in high demand, as they are essential services, with or without a pandemic. More so, you'll be investing in a 140-year-old builder of communications infrastructure.

To date, the LTE network of this \$51 billion telecom giant covers 99% of Canada's population. BCE is also accelerating 5G innovations in preparation for its commercial launch soon. You don't need to time your investment. BCE will keep generating cash flows regardless of the market environment. The dividend payouts can last for decades.

Deficient foundations

The OAS and CPP are foundations for retirees, but they won't shoulder all your financial needs in retirement. It would be best if you still had income beyond this strong base of retirement fund. Only investment income from buy-and-hold stocks like BCE will help you overcome the financial challenges in retirement.

Seniors who will not save for retirement will live on low income in post-retirement. Act now and start working on your future financial stability. You can't reverse the situation when you retire.

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