



Worried About Retiring Broke? Do These 3 Things

Description

The worst that could happen in retirement is living penniless. It sounds terrifying, but it's true. Many people are already on the financial edge before retirement. In Canada, a 2019 poll by BDO Capital Ltd. reveals that 53% of Canadians had little disposable income and that debt is an overwhelming 25%.

The reason why only a few are [winning the retirement game](#) is the over-reliance on debt to support living expenses. A situation when you are unable to pay an unexpected \$200 expense without obtaining debt is dangerous. If you have affordability issues and debt challenges, you will end up retiring broke.

1. Save before you spend

Ironically, people fear losing money, yet they spend more than they save. To avoid retiring in poverty, you must take control of your spending habits. Think savings before spending. When you borrow, you're forward-spending your future earnings. If you don't stop this vicious cycle, you won't have money to save for the future.

2. Invest your money

Canadians will rely on the Old Age Security (OAS), [Canada Pension Plan \(CPP\)](#) and a few thousands of savings in retirement. It's a positive step except that hoarding cash will not provide the financial security you would need as a retiree. Investing will enable money growth and the building of ample wealth.

3. Stay invested

There are risks in investing, particularly in the stock market. However, stocks are the best long-term investments for would-be retirees. When you go into stock investing, don't bail out if the market goes haywire. It's not always a smooth ride, so you'll have to understand the risks and manage them.

The 2020 pandemic is an example. Often, a declining market is a buying opportunity. Some stocks are losing, while others are rising in value. The key to overcoming the volatility is to choose assets that can endure the market's ups and downs.

Indestructible asset

On the **TSX**, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is the quintessential investment for all generations of investors. This \$24.65 billion regulated electric and gas company has bond-like features, defensive in nature, and pay dividends regardless of destructive forces like COVID-19.

Fortis is full steam ahead in fulfilling its \$19 billion capital program that should increase its rate base to \$34.5 billion by 2022 and \$38.4 billion in 2024. The rate base in 2019 was \$28 billion. This long-term runway ensures sustainability to pay dividends. Management has a promise to raise dividends by 6% annually through 2024. This top-tier utility stock is currently paying a 3.57% dividend.

A \$10,000 investment in Fortis will produce \$357 in passive income. If your holding period is 20 years, the value of your investment will be 20,168.78. Assuming your savings is 10 times more, the money growth follows the same trajectory. You shouldn't worry about reliability, either. Fortis has been rewarding investors with dividends for 46 straight years.

Achieve your retirement dreams

Many people rarely achieve their retirement dreams for lack of foresight and urgency. Change course and chart your retirement journey the right way. Start balancing, if not eliminating, your debt obligations. Save as much as you can and invest. Follow through until you reap the rewards on retirement day.

CATEGORY

1. Dividend Stocks
2. Investing

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