



## 2.7 Million Canadians Work Over Age 60: Earn Passive Income Instead!

### Description

About one-third of the elderly population, 60 years old and above, in Canada are working. They number around 2.7 million, but the motives for working vary. The data from Statistics Canada infers retiring on or before 60 is more of [a dream than a reality](#) for most.

The participation of people in this age bracket in the labour force has doubled from 1997 to 2017 (14% to 26%). It has a lot to do with the increase in retirement age. The average retirement age in 2019 was 65, and based on the forecast, it will remain unchanged in 2020. Consider the average life span of 82.5 years; theoretically, you have 17.5 years in retirement.

### Motives for working

Would-be retirees are altering schedules or postponing retirement. To many, work makes up 80% of their activities. Others say they love working and not be idle. But the rest are still toiling out of need. The people working by necessity are chasing after bills, mortgage payments, and coping with higher living expenses.

The need to work and want to work often changes as people age. Everyone wants to retire early, no doubt, but it's close to impossible. It would be best if you had ample retirement savings because [you can't subsist on pensions alone](#). Thus, seniors will keep working as long as they could to avoid financial dislocation.

### Need for passive income

An ideal retirement is when you don't have to go to work to earn a living. It can happen if you have other income sources to count on besides your pensions. The pre-condition, however, is that you create your investment income. Once the passive income stream is stable and lasting, the only work you will do is manage your investments.

The resurgence of COVID-19 or future pandemic could trigger another financial crisis. Retirees would

need a giver of lifetime passive income like **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) or Scotiabank. Despite the disruptions, the third-largest bank in Canada is a source of pension-like income.

Banks tumbled in the recent market crash that stock prices fell sharply. As of this writing, Scotiabank is trading at only \$55.01 versus the \$70.43 in early January 2020. You can seize the opportunity and buy on the temporary weakness. Analysts forecast the price to climb back to the pre-corona level in the next 12 months.

Similarly, you can partake in the 6.54% dividend it pays today. Assuming you have \$75,000 in savings, the passive income you can generate is \$4,905. Given Scotiabank's dividend track record of 188 years, you have the assurance of not outliving your nest egg.

The 41.5% drop in net profit in Q2 2020 resulted from the jump in Scotiabank's loan-loss provisions. It was necessary for the anticipation of a long-drawn recession. However, it doesn't lessen the bank's capacity to sustain dividend payments. You have a time-tested, rock-solid provider of passive income.

## Define your retirement

If you're a prospective retiree, you're responsible for defining your retirement. The goal is to achieve financial independence by the time you take the retirement exit.

Don't dive into the unknown without a retirement plan. Your general program must focus on wealth-building, which means you'll invest for income.

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**Date**

2025/08/25

**Date Created**

2020/08/06

**Author**

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