



## Ready to Retire? Do This 3-Step Checklist to Make Sure

### Description

The greatest pitfall of retirees is the lack of foresight. It would be best if you planned years before you take the retirement exit. [Timing](#) is essential, but focusing on the economic aspect is the most crucial of all. Life in the sunset years is harsh if you don't have sufficient resources.

Also, you risk financial dislocation if you were to rely only on the Old Age Security (OAS) and Canada Pension Plan (CPP) pensions. Current retirees are discovering this [hard truth](#). If you're approaching the retirement zone, do a self-assessment. Following is a simple three-step checklist to determine your readiness.

### Low or zero debt

Would-be retirees should be prioritizing debt repayments, particularly an outstanding mortgage. Ideally, you should be entering the retirement phase debt-free or at least with minimal debt. Many retirees are prisoners of debt that they use retirement savings and pensions to retire debts. Likewise, avoid obtaining new loans that will add to your burden.

### Good to downsize

Downsizing is inevitable if you want to preserve or stretch your nest egg. Moving to a smaller home with lower maintenance costs is a practical move. Besides, you'll need to set aside more for healthcare costs, which will eat up a chunk of your monthly budget as you age.

### With investment income

As mentioned above, you can't live comfortably in retirement with just the OAS and CPP. Investment vehicles like the Tax-Free Savings Account (TFSA) and the Registered Retirement Savings Plan (RRSP) are available to help you build retirement wealth. You can purchase "buy-and-hold" stocks to keep in either account.

Retirees need a third pillar to fill the inadequacies of pension payments. Investment income would lower your retirement risk and boost your spending power. The **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) provides a low-risk income stream.

The bank stock boasts of a 152-year dividend track record. If it pays a dividend yield of 5.9% and you own \$200,000 worth of shares, your monthly passive income is \$983.33. In 20 years, your investment will grow to \$584,658.75. With the dividend earnings, you can accumulate more shares of CIBC to keep growing your nest egg.

Some investors are skeptical of retail banks with large mortgage portfolios. While CIBC is one of them, the fifth-largest bank in Canada has a substantial credit loss provision in case of a housing crash. The bank sacrificed 70% of net income in Q2 2020 and set aside \$1.41 billion should its mortgage portfolio turn sour.

CIBC is experiencing high usage of its digital banking by Canadian seniors (age 65 and older). Sign-ups in April increased by 250% and continue to climb. According to Laura Dottori-Attanasio, CIBC's Group Head of Personal and Business Banking, seniors can stay at home and utilize this channel to pay bills, fund transfers, and other routine bank transactions.

## Green light

Nothing will prevent you from retiring if you're debt-free, have no qualms about downsizing, and invest in a blue-chip asset like CIBC that provides an unrestrained income stream. Your OAS and CPP are just icing on the retirement cake.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

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