Retirees: How to Boost Your CPP Pension

**Description**

Canadian retirees receive an average of $710.41 in monthly benefits from the CPP Canada Pension Plan (CPP). The CPP is a federal benefit paid to retirees each month and the maximum monthly amount stands at $1,175.83 for a person starting pension at the age of 65.



While this is a good start, it is not feasible to depend solely on CPP and live on $14,100 a year in retirement. You need to have other sources of income-producing assets that will supplement your CPP pension payouts.

One way to create an alternate and predictable revenue stream is by building a portfolio of blue-chip Canadian stocks. You can generate an extra $100 per month in dividend income by investing $20,000 in stocks such as **TC Energy** (TSX:TRP)(NYSE:TRP).

Further, if you reinvest the dividends it is possible to benefit from the power of compounding and derive incremental income over the long term.

## How TC Energy can boost CPP payments

Retirees need to invest largely in low risk instruments such as bonds. However, interest rates are near record lows and might struggle to outpace inflation, which makes quality dividend stocks such as TC Energy an ideal bet right now.

TC Energy stock has a forward yield of 5.8%. which means an investment of just over $20,000 in the stock will generate $1,200 in annual dividends or $100 in monthly dividends. While investing in equities comes with certain risks, blue-chip companies like TC Energy manage to generate stable cash flows across business cycles allowing them to sustain or even increase dividends amid a sluggish macro environment.

In the third quarter, TC's EBITDA fell by just 2.1% to $2.29 billion while comparable funds from operations fell 7.7% to $1.66 billion. Its cash flow per share fell close to 10% at $1.74 per share. Despite these declines, the company's payout ratio is still a healthy 47%, making a dividend cut highly unlikely.

In the September quarter, TC Energy's experienced earnings growth in its Canadian, Mexico, and U.S. natural gas pipeline businesses, offset by a decline in liquids pipelines and power and storage segments.

## What's next for investors?

We have seen TC Energy's business model has been resilient, insulating it from fluctuations in commodity prices and has helped the company to maintain its full-year outlook. It will invest $37 billion in capital projects after which it will generate 98% of EBITDA from long-term contracted assets.

TC Energy's backlog of assets will help it to generate predictable cash flows which means it can keep raising dividend payments in the upcoming years. It expects to increase dividends between 8% and 10% in 2021 and at an annual rate of between 5% and 7% post-2021.

If we forecast dividends to grow by 6% every year, annual dividend payments may increase to $2,100 per year indicating an effective yield of 10%.

TC Energy depends on its portfolio of fossil fuels to derive cash flows but is also investing in clean energy which will drive revenue and cash flows in the upcoming decade.



This stock is one of the safest dividend-paying companies on the **TSX.** It is the 10th largest Canadian company in terms of market cap and is a good stock that can be leveraged to supplement CPP payments.

**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
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araghunath