



## Here's 1 Way You Can Survive on ONLY Your OAS and CPP Pension

### Description

Canadian seniors eligible for Old Age Security (OAS) and the Canadian Pension Plan (CPP) have [guaranteed income](#) streams in retirement. If you compute today's monthly pensions, you'll receive a maximum of \$613.53 from OAS and an average of \$710.41 from CPP.

The combined payouts translate to an annual retirement income of \$15,887.28 per individual retiree. You can be a good money manager, but the amount wouldn't cover all your financial needs in retirement. It's the reality in Canada. The pensions will barely make up 50% of the average pre-retirement income. A would-be retiree has one way to survive on only the OAS and CPP pension.

### Family support

Keep in mind that retirement is a marathon, not a one hundred meter dash. A retirement period could last 20 years or more. Hence, assess early on if you can live with only the OAS and CPP as anchors, so finding a better financial cushion is a necessity.

Some Canadians are lucky enough to have family support available. You could survive with the pensions if you were to receive regular dole-outs from immediate family members or relatives. However, this source of income is beyond your control. The generosity could fade if the financial priorities of the givers change.

### Transfer of wealth

There could be a transfer of wealth when baby boomers pass away. Gen Xers and millennials stand to be the beneficiaries of bequeathed money from parents. Soon-to-be retirees expecting money from inheritance are twice as fortunate.

A massive windfall arising from a parent or relative's death will have a profound impact on retirement life. Unfortunately, not all will have the opportunity to receive financial windfall like inherited wealth. Thus, retirees don't usually consider or include inheritance in retirement planning.

The good thing about inheritance in Canada is that there's no inheritance tax. If you inherit the money or asset through an estate, the estate pays all the taxes first before you get the money. You don't need to include inheritance in your income tax return.

## Create your income

You can [build a nest egg](#) by investing in a buy-and-hold stock like the **Bank of Nova Scotia** ([TSX:BNS](#)) ([NYSE:BNS](#)) or Scotiabank. The third-largest bank in Canada is a gem of an investment if you want stable, recurring income for decades. This \$74.44 billion bank has been paying dividends since 1832.

The year is winding down, and now is the best time to purchase Scotiabank. At \$60.80 per share (12% discount), the dividend yield is 5.92%. Assuming you have \$150,000 to invest, your nest egg will be \$473,860.71 in 20 years. If the yield remains constant, your monthly income would be \$2,333.71, which is over and above the OAS and CPP.

## Discipline and one anchor

Family support and inheritance comes few and far between. The best way to ensure financial stability in retirement is to create your income source and not depend on others. It only requires discipline to save money and an anchor like Scotiabank.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
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