Worried That a CPP Pension Isn't Enough to Survive? Do These 3 Things!

Description

Canadians looking forward to the sunset years have every reason to assume the Canada Pension (CPP) pension isn't enough to survive in retirement. The CPP states clearly that the benefit replaces only 25% of the average lifetime earnings. Despite the ongoing enhancements, the replacement level will not exceed 33%.

If you're worried about your financial future, take the bull by the horns and deal with it while there's time. You can be worry-free when you retire by doing three things. All you need is the determination to see through the plan until your retirement date.

1. Save and save

Financial challenges are plenty during the working years that retirement planning is usually at the bottom of priorities. However, people with foresight will make it a top priority. Set aside a fixed amount from your salary every month for retirement savings. Add more if you can free up some cash by curtailing expenses, especially on non-essentials.

2. Keep away from debt

The common obstacle to retirement is debt. Obtaining loans or accumulating credit card bills is an automatic handicap for would-be retirees. The chances of sinking deeper into a hole are high if you don't resolve your outstanding debts soonest. You can't be a prisoner of debt who will work longer years to pay off debts. Avoid getting new loans as you a pandemic.

3. Invest smartly

Invest your savings smartly, regardless of the amount. You don't need substantial capital, especially if you're years away from retirement. Some seniors delay taking the CPP and Old Age Security (OAS) pensions until age 70 to receive higher payouts. However, some Canadian retirees are truly well off because of investment income.

Utilize the Registered Retirement Savings Plan (RRSP) and Tax-Free Savings Account (TFSA) or both to the hilt. Money growth in your RRSP is tax deferred until you withdraw the funds, while your investments in a TFSA will compound 100% tax-free if used correctly. Retirees use either for tax planning and tax savings purposes, too.

Always think long term

Whether your initial investment is $10,000, $50,000, or $100,000, maintain a long-term mindset. Your money will compound over time with a dependable dividend payer like **Canadian Utilities** (TSX:CU). This $8.8 billion diversified utility company will endure and stand tall crisis after crisis.

The first compelling reason to invest in Canada Utilities and make it your anchor in retirement is that it's a Dividend Aristocrat. It holds the distinction of raising its dividends for nearly 50 consecutive years. At $32.32 per share, the dividend yield is a hefty 5.4%.

Consider the following income streams as you increase your holdings: $270 for $5,000, $2,700 for $50,000, and $5,400 for $100,000. Assuming you can invest $100,000 today, you'll have retirement savings of over $286,000 in 20 years through the power of compounding.

It's not surprising that the COVID-19 pandemic and changing global macroeconomic conditions had moderate impact on the company's operations and financial position. Canadian Utilities's portfolio is resilient due to its regulated utility assets and long-term contracts with strong counterparties.

A foolproof strategy

You're not alone in worrying about the inadequacy of the CPP as a standalone income source. The earlier you take action, the better life will be when you retire. Save more, pay off debts, and find your dream investment for the long term.

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