



## Are You Saving for Retirement? Consider This Crucial Decision

### Description

Saving for retirement is one of the most important aspects of your life. Because it happens over the course of many years and many decades, a lot can go on. However, the lengthy timeline also allows you to switch your strategy or take advantage of different tax rules over the years to position yourself optimally.

Most of the time, when Canadians are saving for retirement, there are a few things on their minds. Of course, the amount you can save and invest for retirement is crucial. It's also paramount to invest in the best stocks and grow your savings as efficiently as possible while minimizing the risks you take.

However, one aspect that is considered a lot less often by investors is the tax implications of your decisions. This not only includes the taxes you pay on your investments today but the taxes you'll have to pay in the future, especially in retirement.

The money you are saving today is meant to be spent in retirement. That's why it's crucial that you minimize the taxes you owe in the future. This way, you can spend all your hard-earned money in the glory years of life rather than having to budget your after-tax income.

### How to prepare for retirement

As Canadians begin to approach retirement, prudent savers will be calculating what they expect to receive in government benefits and how much of their own savings will need to be cashed out each year in order to live the lifestyle you've been planning for. It's at this point that you may start to realize the taxes that will be owed on your income.

However, long before you get to this point, you should have a general idea of how much you think you can save for retirement and what you expect to spend.

This way, you can calculate your tax implications when you reach retirement. It goes beyond taxes, however. If your income reaches a certain threshold, the Canada Revenue Agency can claw back some of your Old Age Security (OAS) payments.

So, doing anything you can to avoid earning what the Canada Revenue Agency deems to be regular income will go a long way to maximizing the money you have in retirement.

## Use the TFSA to save and invest for retirement

One way you can do this is by investing in the TFSA. While the [RRSP](#) can be attractive for the tax credits it offers in the current year, what you're really doing is deferring that taxes until retirement.

This means the withdrawals on your RRSP are treated as income and, in addition to being taxed, can impact the clawbacks on your OAS.

Instead, if investors save and invest for retirement in their TFSA, you won't have to worry about either of those setbacks. Then you can focus solely on finding high-quality investments for your portfolio, such as **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

Fortis is one of the top utility stocks you can buy. It has a diversified portfolio of highly defensive assets and has shown this year just how valuable owning a [stable business](#) can be.

Plus, the stock pays an attractive stream of passive income that it's increased for 48 consecutive years. This makes Fortis one of the most ideal stocks to invest in for retirement.

## Bottom line

Ensuring you are preparing for retirement as optimally as possible with your tax strategy is as important as finding the right stocks.

So, make sure you see an advisor if you need to better understand your financial position and what strategies are best for you. And, of course, make sure you invest in only the best of the best stocks. This includes a good balance of safe defensive investments like Fortis, as well as top value stocks offering major capital gains potential.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Personal Finance

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

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