



1 Way to Retire Comfortably With Only Your OAS and CPP Pension

Description

When it comes to retirement planning, several pieces of advice start with “ideally.” Ideally, you should have a certain amount in retirement savings, and ideally, you should have a home that’s already paid off. But we don’t live in an ideal world, and the reality is often significantly harsher than we might be able to deal with.

And one of those harsh realities is that a lot of people haven’t saved up enough for retirement. Forget the ideal amount or hitting the one-million mark. Most people haven’t even reached their personal goal for the retirement savings amount. And many might be entering their golden years with only CPP and OAS to rely upon.

Is a comfortable retirement possible with [just the OAS](#) and CPP pension?

One way to retire on OAS and CPP pension

Frugal and comfortable don’t really fit well in the same sentence, but thankfully, that’s not the way to retire comfortably only on your OAS and CPP pension (though it sure would help). No, the magic word is “downsizing.” If you are a homeowner, trading your home for a smaller one, a manufactured one, or moving to a more affordable city is the ideal way to retire on your pension income alone.

House prices, especially in larger cities with more job opportunities, have risen considerably over the years. If your home is all paid off, or even if you own most of the equity on the house, you might consider selling it and relocating to a cozy place that’s a fraction of the cost of the old one. The difference between the prices of your old and new home can be the nest egg that you couldn’t prepare through your retirement savings.

If you are renting, you might still be able to live reasonably comfortably on just your retirement pension. You will have to find a property that’s significantly cheaper than the one you are currently renting. Your goal should be to find a place that makes up only a small portion of your pension (preferably no more than one-third).

Another income stream

If you are downgrading to a smaller home, and you have enough contribution room in your TFSA, you can put the difference in there. You might be able to start a small tax-free income stream by investing in a generous Dividend Aristocrat such as **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). [The telecom giant](#) is currently offering a mouthwatering 6.24% yield. And even \$30,000 from a fully-stocked TFSA can help you start a small \$156 a month passive income.

And if you are living only on your CPP and OAS pension, this small amount can make a huge difference. The telecom industry in Canada is already consolidated, and three companies control the majority of the market. Once 5G and IoT start becoming the norm, telecom companies are likely to see several years of stability and growth, so your dividends will most likely stay safe and growing with this Dividend Aristocrat.

Foolish takeaway

If OAS and CPP pensions are your financial lifeline, the smart thing to do is to maximize these benefits. Try to keep working till you are 70 and defer taking out your OAS and CPP till then. This way, you can maximize the pension income you get from these sources. If possible, you might even consider saving a tiny bit (for rainy days) in your TFSA.

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1. Dividend Stocks
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