



## CPP Pension Users: 3 Shocking Truths About Retirement

### Description

Retirement is a significant milestone in everyone's life. It's not as simple as claiming the Canada Pension Plan (CPP) at 60, 65, or 70. CPP users should realize that early planning is the [key to enjoying a quality of life in the sunset years](#). Most retirees lament taking the exit too soon. They quickly found out the shocking truths about retirement.

There are issues you must consider before firming up your decision. Your post-working years could be longer than you think. Thus, the retirement life you envision could turn out to be a disaster. The physical, mental, and financial stress could be unbearable.

### 1. Dramatic lifestyle change

A dramatic lifestyle change is inevitable. Unless you have massive wealth to last 20 years or more, your standard of living will be far from your pre-retirement lifestyle. Since no more paychecks are coming in, you need to be frugal to the max. Also, you must guard against overspending and cope with inflation for the rest of your life.

### 2. Not a “one-size-fits-all” matter

People have varying needs and want. Therefore, retirement is not a one-size-fits-all matter. Some Canadians could [survive on only the CPP](#) and Old Age Security (OAS). However, you face financial risks. The pensions are partial replacements only to the average pre-retirement income. You can delay both until age 70 to receive higher pension income in retirement.

To be sure, look at the big picture instead. Assess your pension versus your desired retirement lifestyle. It should help you decide when to start your CPP payments. If you think your lifetime income still isn't enough, find ways to create additional income streams.

### 3. No foresight is risky

Regardless of your financial circumstance, saving a little and consistently is better than not saving at all. Those with foresight usually plan on the very first day of their first job. You can build your retirement fund throughout your productive years. Over time, you'll have more money to invest and create passive income.

### Lifetime quarterly income

Theoretically, your spending in retirement will be less. However, there are also unexpected expenses, like medical expenses, that could dislocate you financially. If you have other income sources besides the CPP and OAS, you'll have enough cushion to cover all your financial needs.

One dependable income stock is **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). CIBC is a Dividend Aristocrat with an outstanding dividend track record. Canada's fifth-largest bank has been providing recurring income streams to investors since 1868. It has endured the harshest recessions and worst market downturns in history.

The \$54.29 billion bank pays a hefty 4.82% dividend. At the current yield, a \$150,000 investment will compound to \$486,625.81 in 25 years. Since the payouts are every quarter, your pension-like quarterly income is \$1,807.50. CIBC's total return in 2020 was 7%, and thus far, the bank stock is up 11% year to date. After reporting solid, if not blowout, Q1 fiscal 2021 earnings, analysts forecast the price to soar 19% to \$144 in the next 12 months.

### Retirement experts' advice

Retirement experts' advice to CPP users is to plan with foresight and not regret hindsight. Planning early, saving consistently, and investing to create passive income will help secure your financial future. When you reach retirement age, you can keep working, because you love the job or retire any time you want.

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2. Dividend Stocks
3. Investing

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