
How to Invest if You’re 10 to 20 Years From Retirement

### Description

Canadians who are 10 to 20 years away from retirement should have interest in their financial futures already. Time flies so fast that you need to have a dynamic strategy to secure your financial well-being in the golden years.



Many retirees profess that relying on the Canada Pension Plan (CPP) and Old Age Security (OAS) alone will not provide the quality of life you deserve. The pensions are partial replacements to the average pre-retirement income. Besides, there’s a greater life expectancy now (82.66 years for 2021). Your retirement years may last 20 years or more.

When the clock is ticking, it’s time to get serious about retirement planning and not to coast. While it appears impossible, there are actionable steps that could help you retire in 10 to 20 years from now.

## Start saving

Start saving money for your retirement fund, however belated. Make it a habit to allot a fixed amount from your disposable income every week. Assuming you set aside $312.50 weekly at the start of the year, you’ll have $15,000 by year-end. Your funds would be $150,000 in 10 years or $300,000 in 20 years.

## Pay down debts

Debt is an obstacle if you’re building a nest egg. Prioritize debt repayments before anything else. The earlier you can pay them down, the sooner you can free up more cash. Revisit your budget and remove useless spending or expenses you can live without.

## Find other sources of retirement income

Understand that your time horizon is short. The inadequacy of your CPP and OAS should encourage you to find other sources of retirement income. Keep in mind, too, that the plan is to make your retirement savings last throughout your lifetime. If you're successful in saving, use the money to create more money.

Investing is the only way you'll enable your savings to grow substantially. Don't underestimate the power of compound interest. A $150,000 savings in a dividend stock that yields 7.2% will double in 10 years, including dividend reinvestment. In 20 years, you'll have a nest egg of $602,541.50.

## Stable dividend payouts

The dividend stock that should be right up your alley is **BCE** (TSX:BCE)(NYSE:BCE). While the dividend yield (6.04%) is lower than the desired rate of return, the dividends are safe and long lasting. The $52.37 billion market capitalization makes it Canada's largest telecommunications company.

BCE is a high-quality income stock. Some market analysts say it's an ideal bond replacement due to the business's low volatility nature. They forecast the price to climb from $57.90 to $69 (+19%) in the next 12 months. The company is attractive on all fronts, long-life infrastructure assets, operating cash flow, free cash flow growth, and dividend yield.

Furthermore, BCE is a Dividend Aristocrat no less. Management has increased dividends for 15 consecutive calendar years. Generating cash flow is the most endearing trait of BCE. Its wireless business alone contributes 50% of the total. The cash flow growth is likewise accelerating, not declining.



BCE owns the most advanced fibre and wireless networks in the country. It has been spending billions on wireless networks annually to improve performance and expand coverage.

## Take advantage of retirement accounts

Canadians are fortunate because they have the Tax-Free Savings Account and Registered Retirement Savings Plan. Use the retirement accounts to the hilt to derive enormous tax savings too.

**CATEGORY**

1. Dividend Stocks
2. Investing

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2. TSX:BCE (BCE Inc.)

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1. Business Insider
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