
Want to Retire Faster? Try Doing These 3 Things

### Description

Canadians over 40 who don't have adequate nest eggs yet could be feeling a retirement rush. The situation is worrying but not entirely a dead end. However, the hesitation in making a firm decision stems from the affordability to retire. Time is also the enemy.



The solution could be a mindset shift accompanied by a best-laid plan. If you want to fast track your retirement, you can implement three strategies to put you on course to retire sooner than later.

## Estimate retirement expenses

The first step is to estimate how much money you'll need to live comfortably in retirement. Ideally, you should maintain the same income as when you were working. In Canada, the Canada Pension Plan (CPP) and Old Age Security (OAS) are foundations of retirees.

If the CPP and OAS replace only 25% to 33% of the average pre-retirement income, there's a need to fill the gap. More or less, you already have a ballpark figure to run after when you do your financial planning.

## Downsizing could make a big difference

Why wait for retirement to downsize when you start frugal living today? Some would-be retirees have the foresight to curtail expenses to free up more cash for retirement savings. Likewise, if you live in a city with a high cost of living, move or relocate to cheaper places to retire in Canada.

Downsizing in preparation for retirement could make a big difference. You'd have the ability to amass a considerable amount of savings that you can use for investment purposes.

## Find other income sources

Your CPP and OAS pensions are guaranteed incomes for life. However, you must have other sources that could provide pension-like income. The money you will save today should then go to owning income-producing assets. It could be bonds, mutual funds, GICs, ETFs, and dividend stocks.

Canadians are fortunate because there are investment vehicles dedicated to building nest eggs. Max out your Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investment accounts every year whenever possible. Sheltering investment income for taxes is what the top 1% of Canadians do to protect their wealth.

## Blue-chip investment

Owning blue-chip stocks is part of the winning investment strategies of many long-term investors. The shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), or Scotiabank, for example, are among the assets you can buy today and hold forever. Its dividend track record speaks for itself.

Canada's third-largest bank has been paying dividends since 1832. If Scotiabank had been sharing its profits with shareholders that long, another 20 years is very probable. The key is to accumulate BNS shares and reinvestment the dividends. At the current share price of $77.51, the dividend yield is 4.59%.



The local market contributes more than 50% to total revenue, while the rest comes from the U.S., Australia, Asia, Europe, the Caribbean, and the Pacific Alliance market. According to Brian Porter, president and CEO of Scotiabank, the bank's impressive Q1 fiscal 2021 financial results reflect its diversified business platform's strength.

## Perfect for retirees

You can't go wrong with having blue-chip companies to fast track your retirement goals. Apart from robust earnings history, stable dividends, and tangible assets, they recover quickly from downturns. The performance of Scotiabank in the 2020 health crisis is solid proof.

**CATEGORY**

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