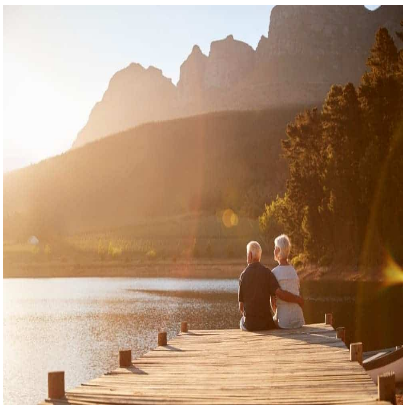

3 Massive Retirement Mistakes to Avoid

Description

The government of Canada estimates that seniors and retirees will make up about 23% of the Canadian population by 2030. It's possible that 2020 threw this estimation off by being one of the worst years for immigration, which injects new/young blood into the country, but it's still safe to assume that about one in every four of five people in the country will be a retiree, in less than a decade.

The government is already taking measures to ensure that the retirees are provided for (up to an extent) by the state by beefing up its pension plan and spreading awareness. But if the government has to pick up the bulk of a retiree's financial burden, it will easily be overwhelmed once the number of retirees increases significantly.

That's not just bad for the government, but for the retirees as well. So if you really want to enjoy your golden years, don't depend upon the government to fund your retirement (big mistake). You can ensure a relatively happy retirement if you avoid three massive retirement mistakes.

Late start to saving

If you are saving for retirement, there are two basic rules: Save as much as you can and start as early as possible. The more time you give your savings to grow, the larger your retirement nest egg would be. Many Canadians don't start saving seriously until they are in their 40s or 50s. Even though they might be able to tuck away a decent sum by then, they don't have adequate time to *conservatively* grow their savings, and the risk appetite grows thin by that time.

Not planning for longevity

The average life span in Canada is almost 82 years. But a decent percentage manages to live past 90, and some even farther than that. But a long life might not necessarily be a happy life if you are running out of cash faster than you run out of breath. While it’s vital that you save and invest as much as you can, planning for longevity requires taking other decisions as well, like buying a whole-life annuity to augment life-long government pensions.

Not investing the savings

This is one of the most common and potentially the most dangerous retirement mistakes. By not investing your savings in a safe, diversified portfolio, you effectively reduce the potential of your savings to a minimum *and* the potential of great investment tools like the RRSP and Tax-Free Savings Account (TFSA). The long-term growth potential of a diversified stock portfolio (even if you factor in the risk) is significantly higher than what you can get from interests and bonds.

If you want to rectify this mistake and wish to start investing in stocks, consider adding **ECN Capital** (TSX:ECN) to your portfolio. It’s a Toronto-based financing company that has (so far) managed and advised on credit portfolios worth $33 billion. It offers solutions like secured and unsecured loan portfolios and consumer credit card portfolios.

The company has partnered up with over 100 U.S.-based financial institutions. It has an impressive customer portfolio which lends unique credibility to its future potential. ECN Capital is an impressive growth stock, and since the bulk of its growth happened after the crash, the stock is currently too-hot to touch right now, but once it cools down a bit, you might consider adding it to your investment portfolio.

Foolish takeaway

There might not be a completely fail-safe retirement plan or a way to minimize the potential risk to zero if you are investing your retirement savings into stocks. But if you run a simple cost-benefit analysis of losing a little money to grow the rest or not growing your savings at all (or at a snail’s pace), investing will always come ahead.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/08/03
Date Created
2021/05/04
Author
adamothman