



Can You Rely Solely on Your OAS and CPP Pension in Retirement?

Description

If you're 65 and claiming your Old Age Security (OAS) and Canada Pension Plan (CPP) today, you'll receive a minimum of \$1,333.06 to a maximum of \$1,830.24 every month for life. The amount depends on whether you're eligible to get the maximum CPP (\$1,203.75) or the average (\$706.57) like most users.

Effective July 2021, the OAS monthly benefit increased by 1.3% to \$626.49. Hence, the combined annual pension comes out to a low of \$15,966.72 or a high of \$21,962.88. Given the estimates, do you think you can rely solely on your OAS and CPP in retirement?

OAS and CPP are [guaranteed incomes for life](#), but they can't answer all your financial needs. Fortunately, you can invest in **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) or **NorthWest Company** ([TSX:NWC](#)) to erase your anxiety.

Startling revelation

The results of the third annual Canadian Retirement Survey by the Healthcare of Ontario Pension Plan (HOOPP) gives fresh insight into the retirement-planning situation of Canadians. There were 2,500 poll respondents in the April 2021 survey. Based on the survey results, the anxiety of Canadians about their ability to save for retirement is a bit high.

About half or 48% are very concerned, because they don't have enough money for retirement. A startling revelation is that 63% did not set aside an amount at all in the past year (5% higher than the preceding year). The results somehow indicate the OAS and CPP are inadequate. Otherwise, the figure wouldn't be alarming.

Over the hump

The banking sector appears to be over the hump after Q2 fiscal 2021 (quarter ended April 30, 2021). TD, along with the five other big banks, is oozing with cash. Canada's second-largest bank had \$14.6

billion in excess capital in the war chest following a significant drop in provision for credit losses (PCLs).

The PCL went down from \$3.2 billion in Q2 fiscal 2020 to \$377 million. For the first half of fiscal 2021, the level is only \$64 million versus \$4.13 billion in the same period last year. Bharat Masrani, TD Group's CEO, threw hints the bank could pursue strategic acquisitions if opportunities arise. [Increasing dividends](#) isn't far-fetched either.

As usual, the top-tier bank stock (+18.39% year-to-date) continues to hold ground in the pandemic. TD trades at \$82.69 per share and pays a 3.85% dividend (40.67% payout ratio).

Enduring business

The North West Company is a no-nonsense investment if you're dead serious about securing your financial future. At \$36 flat per share, the consumer-defensive stock offers a 4% dividend. The payouts could last as long as the company's lengthy corporate existence (353 years).

Believe it or not, the stock's total return in the last 30.85 years is 61,827.44% (23.17% CAGR). This \$1.74 billion company from Winnipeg is as stable as TD. It has a captured market in rural communities and hard-to-reach markets in the home country, Alaska, the South Pacific, and the Caribbean.

The exceptional results in Q1 fiscal 2021 (quarter ended April 30, 2021) are proof the business is resilient as ever. North West's net earnings increased nearly 44% to \$40.3 million compared to the same period in 2020.

Avert a retirement crisis

Canadians can avert a retirement crisis by augmenting their OAS and CPP pensions with [investment income](#). The saving and long-term investing process require sacrifice. However, the reward is comfortable retirement living.

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