



Savings Rate Is Up 13.1%: Did You Set Aside Some for Retirement?

Description

A higher savings rate is the silver lining during the pandemic. Prudence ruled in households in that discretionary expenses dropped significantly. Canadians didn't want to spend their money on non-essential things. In the first quarter of 2021, the household savings rate increased to 13.1% from 12.7% in the fourth quarter of 2020.

Before the coronavirus outbreak, data from the Ontario Securities Commission (OSC) showed that Canadian investors were saving for retirement. Also, about 80% of these people continue to make contributions to [retirement goals](#).

Are you one of those people who set aside some money for retirement? If you did, your savings could grow further through [dividend investing](#). Now is an opportunity to invest while the stock market is on a roll. You can purchase shares of the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) and **TELUS** ([TSX:T](#))([NYSE:TU](#)) and hold them forever.

The elite of the elite

CIBC belongs to the elite Big Six in Canada. It's the fifth-largest lender with its \$65.15 billion market capitalization. This bank stock is also the sector's top performer thus far in 2021 (+36.35%). At \$145.07 per share, the dividend yield is 4.03%. Based on analysts' forecasts, your total return on investment could be higher given the potential upside of 5.27% to 15.6%.

The current share price is 14.68% higher than on April 30, 2021. Investors picked up the stock after CIBC's reported 321% year-over-year growth in net income in Q2 fiscal 2021. Apart from the record earnings per share (\$3.59) during the quarter, the return on equity and equity Tier 1 ratio was 17.3% and 12.4%.

CIBC's Canadian Personal and Business Banking (+20%) and U.S. Commercial Banking and Wealth Management (+1,340%) reported impressive growth numbers versus Q2 fiscal 2020. Also, the bank had \$3.5 in excess capital as of April 30, 2021.

Accelerating growth

TELUS operates in an oligopoly, although the [landscape in the telco industry](#) is very competitive. **BCE** and **Rogers Communications** are the two other dominant players with strong marketing power. TELUS is the second-largest (\$37.17 billion in market cap), but the possible merger of Rogers and **Shaw Communications** threatens its position.

Nevertheless, TELUS is a reliable income stock if you want uninterrupted quarterly cash flows. At \$27.71% per share, would-be investors can partake of the 4.56% dividend. The telco spends heavily on infrastructure upgrades, and lately, on 5G network expansion.

Another growth driver is TELUS Health, as the business continues to experience increasing demand for virtual care. For the full year 2021, management expects an EBITDA and overall revenue growth of 6% to 8% and 8% to 10%. There's no doubt that TELUS is a safe place to park your savings and see them grow substantially over time.

Record savings

According to Charles St-Arnaud, chief economist at Alberta Central, Canadians have saved roughly \$230 billion throughout the pandemic. He believes that about \$150 billion are sitting in bank accounts. Also, Statistics Canada reports that Canadians saved \$5,574, on average, in 2020.

St-Arnaud expects households to make more savings in the post-pandemic or economic recovery phase than they have done in the past. However, the vast majority will spend the money.

If you want to secure your financial future, invest your excess savings instead of thinking you have the cash to burn. Financial preparedness is the call of the times.

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