Retire at 50: 5 Steps for Early Retirement

Description

Early retirement at 50 is a dream for many Canadians to aspire to achieve, but very few can find themselves in a position by that age to actually fulfill that goal. In a time when uncertainty has been looming over our heads due to the pandemic for well over a year and a half, it might even seem absurd to many Canadians to consider sticking to early retirement plans. But what if I tell you that it is not a mere pipe dream?

Canadians typically retire at around 60 or 65 years old. The pension programs in our country like the Old Age Security (OAS) and Canada Pension Plan (CPP) also see most claimants begin collecting pensions at 65. A CPP user can even start collecting their benefits at 60. But if your goal is to retire at 50, you should have a solid retirement plan to achieve that goal.

Today, from how to prioritize saving your income to putting it to work in a portfolio of reliable dividend stocks, I will give you an outline for a plan that you can follow to increase your chances of achieving retirement at 50.

1. Save at least 20% of your paycheck and start early

The earlier you begin saving your money, the better. If you start setting aside money at 25, that gives you over two decades to save your money and invest it to grow its worth. However, you will have to save and invest 20% or more of your income if you are serious about your goal.

2. Frugal living

With 20-30% of your income already going to your retirement plan, you will find yourself having to live below your means. Making efficient use of your disposable income and stretching every dollar will be tough but worth it in the long run.

3. Steer clear of debt

Avoid any debt if you want to stick to your path to achieving retirement at 50. It means if you have any outstanding loans, including interests, you need to pay them down immediately. Living with debts increases your living costs. Try to eliminate as much of your debt as you can by the time you turn 50.

4. Accelerate your wealth growth

Use a Tax-Free Savings Account (TFSA) to hold most of your investments, if not all of them. TFSA investing lets you make the most of your return on investment by allowing your investments to grow tax-free. Reinvesting returns from your investments can help you accelerate your wealth growth in a TFSA because you will not have to pay a chunk of it as income tax.

5. Maximize your investment capital

Income-generating assets like the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) stock are an ideal way to maximize the value of every dollar that you set aside and invest for your early retirement. Scotiabank stock is a reliable stock from a well-established industry.

The blue-chip bank is one of the top six financial institutions in the country with a reputation for providing its investors with reliable shareholder returns through capital gains and dividends.

Scotiabank has been paying its shareholders dividends since 1832. Trading for $78.15 per share at writing, it also boasts a juicy 4.56% dividend yield. With such a high rate of returns through dividend income that you can reinvest to generate even more tax-free wealth in your TFSA portfolio, Scotiabank stock could be instrumental in helping you achieve retirement by 50.

Foolish takeaway

Early retirement is not an easy feat to accomplish, and the five steps I have outlined might not work for everyone, depending on their situation. If you are willing to stomach the challenges of a retirement plan with a target set for 50 years of age, you can stick to the steps above and use income-generating assets that are ideal for the retirement plan to help.

Otherwise, you can still consider taking it slow and retiring at a time when you can fully utilize government pensions and can accumulate significant savings without living a frugal lifestyle.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)

2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

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

PP NOTIFY USER

1. adamothman
2. arosenberg

Category

1. Dividend Stocks
2. Investing

Date
2025/09/09
Date Created
2021/09/14
Author
adamothman