



Couples in Your 40s: Retire Early With These 3 Simple Steps

Description

Building a nest egg takes time, and those with little or [no savings](#) could lose sleep thinking about it. However, if you're 40 today, there's sufficient time to secure your financial future. Moreover, Canadian couples of the same age and working together could even retire early.

It takes two to tango, so spouses or partners must be on the same page at the onset. Each individual must be fully involved and immersed in the planning. There's no blueprint to early retirement, but couples can follow three steps to help increase their chances of success.

1. Synchronized saving

After agreeing on a common goal, go over your finances to see how much each can save consistently and dutifully every month. Assuming the combined savings is \$600 every month (\$30 per day each), it will translate to \$7,200 annually. Without investing the money, total savings will reach \$144,000 in 20 years.

2. Invest for money growth

Investing is the next activity after saving. Canadians have investment vehicles like the Tax-Free Savings Account (TFSA) for tax-free money growth. Maximize the annual contribution limits by using the savings to purchase [dividend stocks](#) and hold them in a TFSA.

Keep reinvesting the dividends and do not touch the principal to realize the power of compounding. Assuming the TFSA annual limit and the dividend yield are constant at \$6,000 and 5%, respectively, the balance should grow to \$208,315 (estimate only for every tranche in a year), excluding reinvestment of dividends. The annual dividend of the couple by then would be around \$10,415.

3. Choose a reliable anchor stock

The TSX is home to blue-chip stocks like **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Canada's third-largest bank can be your [anchor stock](#) in a TFSA. Besides the highest yield among the Big Five banks (4.38%), BNS has been paying dividends for 189 years.

BNS trades at less than \$100, so the current share price of \$82.20 is a good entry point. Performance-wise, the bank stock is up 25.26%. As additional info, the total return in the last 48.92 years is 187,700.37% (16.66% CAGR). This \$99.88 billion bank has the most international presence compared with its industry peers. Apart from North America, BNS caters to clients in Latin & Central America and the Caribbean.

Second core holding

Keyera ([TSX:KEY](#)) can be the core holding of one spouse or partner. The energy sector is red hot in 2021, and this Dividend Aristocrat has had a terrific run so far with its 48.68% year-to-date gain. At \$31.83 per share, the dividend yield is 5.99%. If combined with BNS, the average dividend yield is 5.185%.

Since going public in 2003, the \$7 billion company hasn't missed raising dividends every year. With the growing demand, this major player in the oil and gas midstream industry is well positioned to maintain its dividend-growth streak.

The Q3 2021 results show that Keyera is back in tip-top financial shape. Its net earnings jumped 112% to \$70 million versus Q3 2020. According to Dean Setoguchi, Keyera's president and CEO, the balance sheet has never been this strong. With the present tailwinds, management is optimistic about the future.

Open communication

The line of communications between partners must be open if couples want a crack at early retirement. Once you agree on retirement goals and needs, the steps towards it should be a breeze.

CATEGORY

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2. Dividend Stocks
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1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:KEY (Keyera Corp.)

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