



Think it's Too Late to Save for Retirement? Think Again

Description

"I'll probably never retire" is a phrase I hear more often now. Unfortunately, this claim is believable. Most Canadians have little to no retirement savings. Some are relying on the equity in their home, but that may not be enough to fund multiple decades of living expenses.

If you feel like you're falling behind, here are some ways you could catch up.

Aggressive growth strategy

Most retirement investment advice focuses on safety and reliability. But if you're 60 years old and just a decade away from retirement, you can't really rely on compounding returns.

You need a new approach to accumulate wealth, which probably involves an aggressive growth strategy. Growth stocks have delivered immense returns in recent years, and there's no reason to believe they'll slow down. These aren't risky penny stocks, either!

A well-known tech stock like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has delivered a jaw-dropping 5,839% return since 2015. That's a compounded annual growth rate of 78.6% over roughly seven years. To put it another way, you could have invested \$10,000 in Shopify stock in 2015 and turned it into \$583,900 by now.

Can Shopify continue to deliver such performance? Absolutely. The company's worth \$211 billion right now, while its largest competitor is worth \$2 trillion. The global e-commerce market is worth well over \$20 trillion. There's plenty of room to grow.

If you have modest savings right now, consider a [tech growth stock](#) to help you accumulate wealth rapidly.

Systematic withdrawals

If the tech growth stock approach is too aggressive for you, there is another way. You could stick to the traditional strategy of investing in blue-chip dividend stocks. But if you're close to retirement, you may need to add another element to your strategy: withdrawals.

A systematic withdrawal plan is ideal for retirees with limited savings. Essentially, you'll sell a percentage of your stock portfolio every year to fund your lifestyle. Statistical studies show that selling between 3% to 4% of your portfolio should help you live off your capital indefinitely.

How does this work? The statistical studies analyzed stock market returns over the past few decades. On average, stocks deliver a total return of 6-7% a year. So, selling less than that should allow you to retain your capital over the long run.

This strategy should allow you to retire on a few hundred thousand dollars.

Retirement is achievable

It's never too late to start retirement planning. Even if you have little to no savings right now, you could flip the script quickly. An aggressive, tech-focused growth strategy should help you accumulate wealth. Alternatively, you can plan to sell a fixed percentage of your stock portfolio every year.

A little research and a new perspective is all you need to achieve retirement. Good luck!

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