



Can You Retire Solely on Your CPP and OAS Pension?

Description

The Canada Pension Plan (CPP) and Old Age Security (OAS) are guaranteed incomes for life but not necessarily enough to live comfortably in retirement. Assuming you're 65 today and are starting payments for both, the combined total is \$1,345.32 every month.

For the CPP, the maximum amount is \$1,253.59 (January to December 2022), although most users don't qualify to receive the full amount. The average amount for new beneficiaries (October 2021) is \$702.77. However, the maximum monthly OAS payment is \$642.55 (January to March 2022). Thus, I picked up the average CPP plus the maximum OAS for conservative purposes.

Financial planners do not recommend relying on both pensions alone in retirement. They suggest adding a third pillar to ensure a [sturdier retirement income](#).

Boost retirement fund

Whether you're five, 10, or more years away from retirement, it would help to save and invest in boosting retirement funds. Dividend stocks are the top investment choices because of higher returns and [faster money compounding](#) through dividend reinvesting.

The stock market is not without risk, although there are companies that will not disappoint. A big bank like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and an oil major like **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) are dependable income providers, given their excellent dividend track records.

Overflowing with cash

Canada's second-largest bank started paying dividends in 1857, and the payouts have been [like clockwork](#) for 164 years. This month is the best time to purchase the stock if you don't own it yet. The \$173.69 billion company is fresh from its impressive fiscal 2021 financial results. TD capped the year with a dividend increase (13%) announcement effective the close of Q1 fiscal 2020.

Also, the blue-chip company is flush with cash. TD's CEO Bharat Masrani said the bank would consider any opportunity in the U.S. provided the prospect makes strategic, financial, risk, and cultural sense. It should likewise help accelerate TD's growth.

TD will instead repurchase additional shares if there are zero prospects. Masrani said, "We're a huge bank domestically in the U.S. We don't need to acquire just to get scale." The share price hit a record high of \$100.14 on January 7, 2022, but retreated to \$99.73 on the next trading day. TD pays a 3.56% dividend.

Big winner

Canadian Natural Resources was among the biggest winners last year in the energy sector. The oil stock's total return was an eye-popping 82.17%. As of January 10, 2022, the share price is \$59.65 — a gain of 11.83% from year-end 2021. The dividend yield is a decent 3.94%.

This \$62.34 company boasts a diversified portfolio of assets that generate significant value, notwithstanding challenging economic environments. Apart from Canada, CNR's assets are in the U.K. North Sea and Offshore Africa. Its president Tim McKay said the large, high-quality, long-life, low-decline assets are its key advantages.

According to McKay, CNR's assets provide management the optionality and flexibility to allocate capital to the highest return projects. The focus in 2022 is to maximize the value to shareholders.

Costly assumption

The Canada Pension Plan Investment Board says the CPP and OAS are retirement foundations, not retirement plans. It added that it's a mistake to assume the pension will cover all costs in retirement. If finances allow, level up and invest in dividend stocks.

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