



## 25% of Canadians Fear Outliving Their Savings in Retirement

### Description

Canadians won't retire flat-broke because they have retirement foundations in the Canada Pension Plan (CPP) and Old Age Security (OAS). Despite the lifetime pensions, 25% of future retirees fear outliving their savings. The respondents to the **RBC** Financial Independence in Retirement Poll by Ipsos ranked inflation as their third worry after enough savings and maintaining their standard of living.

The concern is valid because expenses rise if prices keep rising. High inflation weakens the ability to save or has a negative impact on retirement finances. The positive outcome from the pandemic is that many have shifted their focus to financial health and planning for the future.

### Hedge against inflation and save for retirement

Since the CPP and OAS pensions are likely inadequate to cover all financial requirements in retirement, the solution is to [start investing](#) as early as you can. Holding [income-producing assets](#) like stocks in a Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) is the best approach.

Investing in a Big Bank stock like the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) and energy major **Imperial Oil** ([TSX:IMO](#)) is a two-pronged strategy. It will enable you to hedge against inflation and build a nest egg at the same time.

Both companies have dividend track records of more than 100 years, so you can expect uninterrupted cash flows. If you don't have an urgent need for the dividends, reinvest them to compound your money.

### Resilient nature

If you recall, CIBC tanked to \$60.93 at the height of the pandemic on March 2020. Today, the Big Bank stock trades at \$162.91, or 167.4% higher than its COVID-low. The meteoric jump indicates the [resilient nature](#) of Canada's fifth-largest bank. Starting this year, the payout should be higher due to 10% dividend hike announced in December.

The \$72.5 billion bank pays a hefty 3.95% dividend but you can earn more through price appreciation. Market analysts forecast a high target of \$180 in the next 12 months. Like its industry peers, CIBC will benefit if the feds end the low interest rate environment and start the rate hike cycle in March 2022.

## Incredible comeback

Imperial Oil is a subsidiary of American energy titan **ExxonMobil**. Apart from the lengthy dividend track record, this \$38.02 energy stock has raised its dividends for 26 consecutive years. Incidentally, management recently announced a 26% dividend hike. At \$55.1 per share, investors are winning 21.7% year-to-date and partaking of the 2.45% dividend.

The \$38.02 billion crude oil and natural gas producer made an incredible comeback last year. Net income for the year was \$810 million compared to the \$1.15 net loss in 2020. In Q4 2021 alone, cash flow ballooned to \$1.63 billion, a 415.8% jump from Q4 2020.

Imperial Oil President and CEO Brad Corson said, "This past year demonstrated the strength of Imperial's integrated business model and the value we have created through structural cost reductions, relentless focus on reliable operations and capital-efficient growth in our core businesses."

## Financial plans

The CPP and OAS are foundations, not retirement plans. On the other hand, the RRSP and TFSA are financial plans. If you have time is on your side, put your free money to work and let it grow in the accounts.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:IMO (Imperial Oil Limited)

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