56% of Canadians to Push Back Retirement Dates

Description

Financial stability has always been the concern of future retirees. However, given the current situation, in which inflation is rising faster than the normal pace, retirement could be farther away for most. The results of an online survey by Pollara Strategic Insights for the **Bank of Montreal** (TSX:BMO)(NYSE:BMO) reveals the anxiety of Canadians.

Only 44% of the poll respondents is confident they can retire as planned. More than half, or 56%, have lost faith in their ability to accumulate enough savings. The results indicate that seniors will likely push back their retirement dates. Their top-most concern today is inflation.

BMO Global Asset Management director Robert Armstrong said, “While it is going to scale back most likely in the future, inflation is still front and centre.” The country’s annual inflation rate was above 4% every month since August 2021 but rose to 5.14% in January 2022.

Your future financial health isn’t dire if you can save consistently and invest to bump up retirement savings. You can still retire as scheduled or only a couple of years from your original retirement date.

Not black and white

Retirement experts won’t give a magic number or minimum income requirement in retirement because it’s not black and white. Canadians have retirement foundations in the CPP and OAS but they’re not retirement plans. Based on the latest pension amounts, the combined total can replace up to 48% of the average pre-retirement income.

Canadians have tax-advantaged or tax-sheltered investment vehicles (TFSA and RRSP) to help build retirement wealth. The Canada Revenue Agency (CRA) sets contribution limits for both every year. Users of either accounts can maximize their annual limits and hold income-producing assets in them.

The key to being successful with this strategy is the choice of investments. Most income investors prefer dividend stocks over other investment instruments. BMO is a hands-downs choice because it’s the dividend pioneer. Canada’s fourth-largest bank has been sharing its profits with shareholders since

1829. Because of this track record, dividend income could be for life, like your pensions.

Better positioned for growth

BMO emerged stronger after two years of the global pandemic. In fiscal 2021 (year ended October 31, 2021), net income rose 52.1% to $7.75 billion versus fiscal 2020. On December 3, 2021, management also announced a 27% dividend hike, the highest percentage increase among the Big Six banks during the year-end dividend bonanza.

Investors can expect the growth of this $73.87 billion bank in North America to accelerate. BMO, through BMO Harris Bank, acquired BNP Paribas' Bank of the West. The California-based bank serves retail, small business, commercial, and wealth clients.

BMO gains about 1.8 million customers and extends its banking presence in key U.S. growth markets. Canada's oldest bank will fund the US$16.3 billion transaction primarily with excess capital. Darryl White, BMO Financial Group's CEO, says the bank had never been better positioned to take the next step in its growth strategy.

The bank stock continues to hold steady this year. At $144.73 per share, the trailing one-year price return is 44.07%. BMO pays a 3.66% dividend if you invest today.

Fill the income gap

Retirement income is relative. However, if you can fill your pensions' income gap, you'll have 100% of your pre-retirement income back.

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