



How to Prepare for a Secure Retirement

Description

To prepare for a secure retirement, all you have to do is build cash flows that cover your expenses. In your working years, your job's income will be a key source of cash flow — you get paid a certain amount every month. However, that disappears when you stop working in retirement.

You can also grow your wealth to a sufficiently large monetary value and draw down your assets in retirement. No matter what, your retirement will be more secure if you build multiple income streams ahead of time.

Build more streams of income

While working, you can work wonders by creating more income streams — the more, the merrier. Having diversified streams of income improves the security of your cash flow and better prepares you for a secure retirement.

The best way to make more income is by doing things you enjoy. Start by listing your hobbies. For example, you might enjoy writing. If so, explore to see if you can write on the side to earn more income. Or you might be passionate about food and cooking. You can share your delicious recipes or favourite restaurants on Youtube and earn advertising income after accumulating followers. You can also expand by selling related merchandise. Or you maybe well versed in a foreign language and act as a tutor to earn extra bucks.

Earning rental income from rental properties is another popular way to make extra income, but it requires relatively big investments and time to manage properties and tenants, unless you hire someone else to do it.

My favourite way to generate more income is by turning savings into dividend stocks. It can be a largely passive-income endeavour! Thanks to free trading on [online brokerages](#) like **National Bank of Canada** and Wealthsimple, you can now build a growing, diversified dividend income stream with \$0 cost.

Make sure your home is covered by the time you retire

One of our biggest living expenses is our home, whether you're making mortgage payments or renting. Ensuring your home is covered by retirement will greatly relieve your financial pressure. In other words, by retirement, either make sure your purchased home is paid off or you have the cash flows to cover your rent.

Start building a dividend income stream

Since [dividend stocks](#) can be great helpers in building an extra income stream, and you can start with as little as \$1 with Wealthsimple, which offers fractional-share, commission-free trading, there's no excuse for anyone not to invest. Some people find it helpful to save a set amount regularly, such as \$50 a week or \$100 a month. The important thing is to get started and get into a habit of saving and investing!

In the current market environment, you should be able to secure a yield of 3% or higher if you're income focused. However, the stock market is at its all-time high. So, be careful not to overpay for stocks. Watch the valuations! Here are some relatively cheap dividend stocks for your consideration.

| Dividend stock | Recent dividend yield |
|-------------------------|-----------------------|
| CIBC | 4.2% |
| Manulife Financial | 4.9% |
| National Bank of Canada | 3.6% |
| Parkland | 3.5% |
| Power Corporation | 5.1% |

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