Feeling Insecure About Retirement? Maybe it's Time to Do This

Description

No matter if you're retired now, soon to retire, or won't retire for another couple of decades, you may still feel insecure about retirement. Some Canadians are worried they're not generating sufficient income. Others are concerned that their nest egg won't be enough to fulfill the kind of lifestyle they want to live. Perhaps your investment portfolio is taking too little risk. If any of these cases sound like your situation, you might need to re-balance your investment portfolio.

Do you want to generate more income?

Dividend stocks are an excellent source of greater income. If you have room in your Tax-Free Savings Account (TFSA), you should consider holding some Canadian real estate investment trusts (REITs) for passive monthly income.

Right off the bat, **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) offers a juicy 5.8% yield at a reasonable valuation. At $13.69 per unit at writing, it trades at a 10% discount from its net asset value as well as the analyst consensus 12-month price target.

The REIT invests in a globally diversified portfolio across 224 healthcare properties. Because of the defensive nature of its assets, it enjoys a high and stable occupancy rate of about 97%. Moreover, it has very long leases that are largely inflation-indexed, which makes its cash flow highly stable. Its weighted average lease expiry is approximately 14 years!

Growing your nest egg faster

People's life expectancy has increased, as science has advanced and people's living conditions have improved. Therefore, it has become critical for retirees to maintain growth components in their investment portfolios, because one could live for another 30 years after retirement.

One top-notch growth stock Canadians should put on their radar is **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). It's a leading alternative asset manager that has a track record of long-term total returns of 12-15% annually.

BAM owns, operates, and invests in infrastructure, renewable power, real estate, private equity, and credit assets. Therefore, it's diversified by assets and geography. It operates in more than 30 countries with about 150,000 operating employees.

The solid growth stock not only generates substantial cash flows from its assets but also generates increasing cash flows from management fees and performance fees. For example, last year, its funds from operations rose 46% to US$7.56 billion, while its distributable earnings jumped 49% to US$6.28 billion.

The growth stock's yield of about 1% now is not enticing, but its dividend income can grow to a meaningful amount in time. Other than allocating cash for investing, it has also increased its dividend by approximately 9% over the past decade. Investors' focus should be on the growth potential of the business and the stock.

Do you need more income or growth?

NWH.UN's 10-year annualized return was 10.5%, transforming an initial investment of $10,000 to $16,465. In the same period, BAM.A returned 17.6% per year, turning $10,000 to $22,452. Both stocks outperform the long-term average stock market returns of 7-10%. However, Brookfield Asset Management delivered significantly greater returns of 7.1%, while NWH.UN's income generation was four times that of BAM.

Everyone's retirement portfolio and lifestyle are different. If you need more income, you should research stable dividend stocks like NWH.UN. If you need more growth instead, you can look into wonderful growth stocks like BAM.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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