



## Retirees: Double Your OAS Payments With This Stock

### Description

Old Age Security (OAS) can be a lifeline for many retirees when it comes time to retire. The monthly payments can start as early as 65, increasing for every year you delay until age 70. And just this year, the government announced it would increase OAS by 10% for seniors above 75 as of July.

### What you get

The maximum amount of OAS you can receive as a retiree is \$648.47 per month. This is the maximum, and you must have annual income that falls below \$133,527 to be able to apply for OAS in the first place.

There are plenty of articles on the Motley Fool that go into the ins and outs of OAS payments. So, I'm not going to focus on that here. Frankly, you may know how much you're getting from OAS already and can use that in place of my calculations.

But for the sake of this article, we'll assume that you're receiving the maximum \$648.47 per month in OAS payments. That's \$7,781.64 in annual income. And I believe you could [double it](#).

### But how?

I'm sure you've already guessed that you can double your OAS by investing. But you need to choose the right place. Retirees *need* this income. You don't want to invest in something if you're not sure it's going to still be doing well even next year. Who knows if you'll need it by then?

Instead, I would look at the Big Six banks as a place to store your investments. Not only is it a safe, defensive play, but these stocks continue to grow, even when the market is doing poorly. Furthermore, each offers an incredible dividend that you can add into the equation.

## Double your payments

Now to the good part. If you're going to invest in a Big Six bank, I would recommend **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) today. It has the [highest dividend](#) but also a valuable share price trading at 10.14 times earnings.

If you were to take that \$7,781 and put it to CIBC stock, today you could pick up 53 shares. That would bring in annual dividends of \$341.20 as of writing from the company's 4.37% dividend yield.

But that's not double the payments. What you want to get to is a portfolio worth \$15,562. To do that, you'll need to reinvest your dividends again and again. If you don't add another penny from that one year of OAS payments, you would reach that number within the next seven years.

But let's say you don't need these payments over the next five years. Instead, you choose to reinvest your income into CIBC stock for five years, wanting to build your portfolio for when you retire. In that case, you put down \$7,781 each year over five years.

After five years, you would have a portfolio of \$62,452! That comes from investing a total of \$38,905 into the company and reinvesting dividends. There you've almost doubled your payments in *five* years and now have an enormous amount of wealth to sit on.

## Foolish takeaway

Retirees need income right now. Whether it's reinvesting dividends or putting aside your OAS payments until you need them, always find what's right for you. But investing in a Big Six bank like CIBC is a great place to go when you need solid returns and stable passive income.

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