



## 4 Ways to Generate Income in Retirement Without Going Back to Work

### Description

[Being retired](#) doesn't mean you'll have to spend your accumulated assets and watch the amount shrink. Instead, you could use your assets to generate income in retirement without going back to work. For example, the current market provides opportunities to invest for fixed income and dividend income. You might have also picked up some rental properties along the way to collect rental income.

You could also even make some money from your hobbies. Since you enjoy doing your hobbies, it wouldn't feel like work when you make extra income from them.

### Earning fixed income

According to an article published by analysts at *Fidelity* in late November, this year, "the U.S. is in the late-cycle expansion phase with moderate recession risk. The economy is exhibiting late-cycle trends including a tight labor market, declining profit margins, rising inventories, contractionary monetary policy, and an inverted yield curve." They believe Canada is a little ahead of the U.S.

The equity cycle is ahead of the business cycle, which means it's at the peak or contraction phase. Consequently, it could be a good idea for Canadians to increase their exposure to short-term, fixed-income securities. Then lengthen the terms of your bond holdings to medium or long term over the next year.

Short-term, fixed-income securities include [Guaranteed Investment Certificates](#) (GICs). When interest rates start falling, it would be the perfect time to buy longer-term bonds for fixed income, because the two are inversely related.

### Dividend stocks

As a dividend-focused investor, I've been taking advantage of the market correction and adding to my positions in quality [dividend stocks](#) over time. Because I have a long-term investment horizon, I can withstand the market volatility.

People's life expectancy is increasing. Retirees could live for a long time after they retire. While they allocate capital in money market funds for short-term liquidity, they will also need to park some long-term capital in solid dividend stocks to grow their wealth to ensure they don't outlive their assets.

The big Canadian bank stocks appear to be attractive at current levels. Although they can become even cheaper going into 2023, retirees can start researching now to identify their favourite picks. For example, do you want the highest current income of 6.3% from **Bank of Nova Scotia** ([TSX:BNS](#)) or choose banking leader **Royal Bank of Canada** ([TSX:RY](#)) for a diversified business and superior resiliency?

RBC stock's yield of 4.1% is not bad at the recent quotation of \$127.73, but the quality stock doesn't give much of a discount. The bank stock trades at a premium multiple of about 11.5 times earnings versus its big bank peers. In contrast, BNS stock trades at a steep discount of about 32% at 7.8 times earnings. Coincidentally, BNS stock's long-term normal valuation is roughly 11.5 times earnings. Both stocks generate sustainable dividends and have what it takes to ride through economic adversities.

The telecom stocks could be more defensive than the banks over the next little while. Retirees can explore big Canadian telecom stocks **BCE** and **TELUS** that offer yields of 6.1% and 5.2%, respectively. Both are Canadian Dividend Aristocrats that you can count on for dividend increases.

## Rental income

In retirement, you could also diversify your assets by earning rental income from rental properties. Rental properties can be a reliable source of income, especially if you're in bustling cities like Toronto and Vancouver.

## Making money from your hobbies

Making money doesn't have to feel like work. Are there hobbies that you enjoy doing that you can make extra money from? If yes, why not do more of it?

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)
2. TSX:RY (Royal Bank of Canada)

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