



BENEFITS OF SUSTAINABLE INCOME FROM YOUR INVESTMENTS

During their working years, many people become accustomed to a consistent paycheck being available in their personal bank accounts on a bi-weekly basis. When looking to transition into retirement, this concept is often blurred with the idea of sustaining an accustomed lifestyle, while living off investment portfolios and government programs.

The traditional way to approach this is to sell investments to fund retirement expenses – assuming that the long-term return of the portfolio is positive. While a great concept in theory, during times of volatile or flat markets this often results in the sale of investments at a loss in the short term.

Generating a consistent cashflow stream off your investment portfolio may be one of the solutions to avoid selling investments in a down market. The yield of a portfolio measures the amount of cash that is generated from the underlying investments through interest and dividends. Many companies pay dividends to shareholders, and including these positions in a diversified portfolio, can increase your portfolio yield and generate passive income to supplement your retirement expenses.

This cash flow strategy from an investment portfolio has several benefits:

- It decreases the stress a portfolio can be under in the short term through volatile or flat markets. Aiming to generate a target yield through the life of the portfolio will be beneficial through down markets. For example, with a 4% yield on a \$1,000,000 portfolio we can anticipate \$40,000 of cashflow a year. If the markets are off 10%, this yield can be marginally affected, but will provide a cushion to selling investments.
- Seeing cash build up within your portfolio on a regular basis is similar to the idea of receiving a paycheck. This is an easy concept for a working individual to grasp while transitioning to retirement.
- Tax efficiency can be increased, depending on the underlying holdings. Dividends paid by Canadian domiciled companies have a favorable tax treatment, as these “Canadian eligible dividends” are taxed at a much lower rate. This is a great way to invest here at home, while generating a tax efficient portfolio.

At Matco Financial, as part of our investment process we invest in companies that pay dividends within our equity portfolio. We understand how this strategy can benefit clients through their retirement years providing a cashflow stream to help offset or take care of their retirement expenses.



MATCO FINANCIAL INC.

Founded in 2006 to manage and service seven family offices, today Matco offers the benefits of our extensive investment management experience to individual investors, foundations, endowments, condominium corporations, trusts, corporations and not-for-profit organizations.

Our mission is to simplify the investment world for our clients by understanding their needs and providing exceptional investment solutions that preserve and grow capital.

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