



Millennials: 3 Easy Ways to Start Building Serious Wealth Today

Description

The media has made sure to keep us well informed about how tough it is for millennials, especially those folks who live in Canada's most expensive cities.

A number of things are keeping younger folks down. Youth unemployment is much higher than for older workers, especially in provinces with a weak economy, like Alberta. Sky-high real estate prices in many of Canada's major cities make it hard for young folks just starting out, so they stay in mom and dad's basement. And many would rather spend their excess cash on fun experiences like eating out, drinking, or traveling.

Everybody wants to have fun; I fully understand that. And it's much easier to travel when you're younger, unencumbered by the kind of responsibilities folks in their 30s and 40s have. But spending money in your 20s really can impact long-term returns.

Look at it this way. Say the same person invests \$50,000 at age 25 and at age 35 with plans to take the cash out at 65. Both earn a 10% annual return. Starting 10 years earlier ensures a nest egg of \$2.26 million before taxes and other expenses. Compare that to starting at age 35, which would only accumulate an investment worth \$872,000.

It's pretty obvious that starting early is the key to riches. Here are three other ways millennials can start off on the right financial foot.

Live like a college student

There are two ways to get money to invest. You can either live cheaply or earn more money. While I'd argue most people need to focus on both, it's far easier to cut expenses.

The easy solution is to do what many millennials end up doing. Moving back into mom and dad's basement might not be ideal, but it's a great way to save on rent while socking away every penny possible.

Don't stop there. Ramen noodles might not be the healthiest choice, but they're cheap and delicious. I

like to crack an egg on top of mine when it's cooking and add a few veggies. It's a nice meal for under \$1.

Just about every young person likes to go out drinking with their friends. Staying at home sipping \$2 beers is cheaper, and you won't have to pay for a cab at the end of the night.

Earn more

When I was 18, I had a full-time job stocking shelves at a grocery store. I'd work 11:00 pm to 9:00 am and then show up at a furniture store two or three times a week to help deliver appliances. I also picked up extra shifts at work whenever I could.

It worked out well. I increased my income by anywhere from 33% to 50% a year just by being willing to work. It easily added up to \$15,000 per year—and remember, this was 2001 money.

Young people are in the perfect position to work more. They have the energy with very few responsibilities.

Pick great long-term stocks

Investing doesn't have to be hard. All we need to do is load up on some of Canada's finest stocks while they're trading at a fair price.

Take **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) as an example. The company has a dominant market share in a sector that is protected from competition. It continues to grow at a slow but steady rate, even increasing customer count in television, which has been a thorn in the side of other telecoms. And, perhaps most importantly, shares pay a 4.5% yield—a dividend that continues to be raised twice a year like clockwork.

Another proven builder of wealth over the long-term is the fast-food business. My favourite is **Pizza Pizza Royalty Corp.** ([TSX:PZA](#)), and not just because the pizza is delicious. The company is Canada's largest seller of pizza, and shares yield a succulent 5.3%.

Over the last decade, including reinvested dividends, Pizza Pizza shares have delivered annual returns of 17.13% annually. It doesn't get much better than that.

The bottom line

It's simple. Millennials who start investing today will have a huge leg up on peers who don't start taking their financial lives seriously until they're in their 30s. Or, to put it another way, it's better to own Telus and Pizza Pizza shares than it is to text all day and eat pizza.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)

2. TSX:PZA (Pizza Pizza Royalty Corp.)
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Date

2025/08/26

Date Created

2016/11/29

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