



This Underrated Gem Could Help You Retire Early

Description

As the average life expectancy increases, the age of retirement has gone up, and it's becoming increasingly difficult to save enough for retirement. It's never too early to get started, and if you're a young investor, then you've got a head start, as the power of compounding is on your side.

As Albert Einstein once said, "Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it."

There's no question that compound interest played a big part in the success of billionaire investor Warren Buffett, and if you can unlock the true power of compound interest, then you could probably retire earlier than you think.

What if you just make a modest income? Is it still possible to retire early? That depends on how old you are now and how much you've got saved up. Sure, you could penny pinch, but that's no fun! If you're a young investor that just landed a new job, then buying stocks of high-quality companies with the intention of holding for the long run is your best strategy to retire early, even with an entry-level income.

Investing can be fun! You own a small piece of a business, and if the business is successful, then you'll become richer through dividend payments as well as a rising stock price. You can trick yourself into saving up a large chunk of your paycheck through investing. It's not like stuffing your money in a boring low-interest savings account. You're protecting yourself from inflation, and you're setting yourself up for future financial freedom.

One terrific technique is to seek stocks of wonderful businesses with durable competitive advantages and the concept of a moat. Of these stocks, you should then select the ones that are trading at a discount to their intrinsic value. One such business that I believe is underrated is **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)).

Canadian Tire is the benchmark for retail excellence, and it continues to thrive while its peers in the Canadian retail space struggle due to an industry-wide weakness. The management team at Canadian Tire innovated its stores to drive traffic as well as same-store sales across its stores. It used innovative technologies that many other brick-and-mortar retail stores avoided for the simple reason that tech

complicates things.

Canadian Tire also has some solid brands such as Sport Chek, Mark's Work Warehouse, and, of course, Canadian Tire. Going forward, you can expect the management team to unlock huge value for long-term shareholders through its innovative initiatives.

Sure, Canadian Tire's 1.7% dividend yield may not seem like much, but it's worth noting that the company has grown its dividend by leaps and bounds over the last decade. I believe the company is well positioned to raise its dividend even further over the next decade as well.

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