Can You Become an RRSP Millionaire by Milking Cows?

Description

A recent poll by **Canadian Imperial Bank of Commerce** showed that the average Canadian thinks they need $756,000 to live comfortably during retirement. Amazingly, more than one-third of Canadians over the age of 55 haven't even started saving yet.

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RRSPs are designed with retirements goals in mind. Even if you haven't started using these vehicles, it's never too late to begin.

With RRSPs, you can offset your taxable income with contributions to your retirement account up to a maximum of $26,230 for 2018. It's a win-win. By using an RRSP, you're both stashing away funds for a more comfortable life and lowering your current tax liabilities.

Once your funds are in an RRSP account, you'll need to figure out how to invest your savings. What if I told you that you could meet your retirement goals by the milking of cows and the selling of cheese? Allow me to introduce you to **Saputo** (TSX:SAP).

Saputo is a historic home run

Founded in 1954, Saputo is one of the top 10 dairy processors in the world.

For example, the company is a top three cheese producer in the U.S., the leading dairy company in Canada, the biggest milk company in Australia, and the second-largest dairy processor in Argentina. It owns an impressive portfolio of brands, including Land-O-Lakes, Neilson, Stella, Dairyworld, and Fromage Côté Kingsey.

Annually, the company processes more than 10 million liters of milk. Last year, it generated more than $11 billion in revenue, with 15,000 employees in 60 facilities across more than 40 countries.

In a largely commoditized industry, scale is king. Since 1997, Saputo has completed 29 acquisitions for nearly $7 billion. It completed three acquisitions in 2018 alone, growing its operations in Canada, Australia, and the U.S.

While many companies go on multi-year spending sprees without much to show for shareholder value, Saputo has done a terrific job meeting the goals of its investors.

Since 1997, its stock has grown by more than 1,400%, from under $3 to nearly $40 per share. Over the past five years alone, Saputo's shares have risen by roughly 45% versus a return of just 10% for the TSX average.

Slow and steady wins the race

Not only has Saputo's management team done a commendable job growing shareholder value over the long term, but it's also delivered one of the most reliable dividends of any stock in the TSX.

Since 1998, the company hasn't cut its dividend once. Since 2000, it's raised its dividend every single year, even through the global economic crisis of 2008 and 2009. Now that's stability few other companies can match.

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If you're saving for retirement, capital preservation is key. Few stocks have performed better than Saputo in this regard.

Currently, the dividend yield is an unimpressive 1.7% — but don't let that trick you. For more than 20 years, Saputo has been an impressive steward of capital, taking care never to overextend itself.

While other companies try to seduce investors with big claims and oversized dividends, savvy investors will take a longer-term approach, opting to entrust their hard-earned savings with a proven winner like Saputo.

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1. Dividend Stocks
2. Investing

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