



Millennials: Get Rich the Easy Way With These 2 Stocks

Description

There's a very good reason I've tagged millennials in this post, so sorry, soon-to-be retirees — this article just isn't for you.

But if you're looking to get serious about your RRSP or TFSA or are even just starting one, it's not too late in your 20s and 30s to make a killing by the time you retire.

In fact, if we assume that freedom 55 actually happens, that gives you about 30 years to put some money aside and forget about it or, better yet, to watch it grow with a satisfied smile on your face.

So, what are the two stocks to make this easy money? That's even easier: **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)).

Large and therefore in charge

RBC and TD hold the number one and two spots, respectively, for the largest banks in Canada by assets among the top six banks in Canada that hold about 90% of Canada's banking deposits.

RBC alone has \$5 trillion in assets under administration and \$650 billion in assets under management, with diluted earnings per share and revenue both increasing 7% in the past 12 months. It also trades at a reasonable rate of 11.9 times earnings expectations, with historical performance of rising 8.8% year over year.

TD is in much of the same boat, with about 60% of its revenue coming from Canada and 35% from the U.S. The bank has \$390 billion in assets under management, with its most recent quarter reporting adjusted net income of \$2.95 billion, which should keep TD in a top spot among Canadian banks for years to come.

Gone international

Both banks are well known for expanding into the lucrative market of the United States. RBC derives about two thirds of revenue from Canada but the rest is primarily in the U.S. and Caribbean. Its U.S. segment has proven exceptionally strong by focusing on wealth management and commercial clientele.

TD has done an exceptional job of creating a presence in the U.S. through its 42% [ownership of TD Ameritrade](#). While it's in a growth period at the moment, that leaves room for shares to grow. The company sees further earnings from its U.S. segment. Some analysts expect double-digit growth in TD Ameritrade, which would significantly increase TD's portfolio.

Recession-shmession

But Amy, you ask, what about a recession? While [no stock is recession proof](#), Canada's banks have proven to be some of the best responders in the world to coming out of a recession. Putting your literal stock into TD and RBC gives you the best chance to rebound after a blow, such as the one back in 2008.

Even if a recession hits, as an investor, you have to remember that this is a buy-and-hold stock; over time, it may have dips, but it will rebound significantly. Even if the stock's drop this year, analysts don't predict them going lower than \$10 from where they are now and predict they could even rise a further \$20.

Bottom line

If you're looking at historical performance for the last 25 years to see where it could take you at 55, the future looks very bright.

The TFSA's contribution limit right now is \$63,500, so if you put half of that in each stock, we're left with \$31,750 in each.

RBC trades at \$106.96 at the time of writing — an increase of 1,432% in the last 25 years. That means 25 years from now, shares could be \$1,531.67.

TD trades at \$76.29 — an increase of 1,361% in the last 25 years. That means 25 years from now, shares could be \$1,038.31.

That turns your \$31,750 in RBC into \$454,660 and in TD to \$432,118 for a grand total of \$886,778 at 55! That's if you buy now and simply don't even touch it.

So, yes, it is absolutely possible to retire rich the easy way. Just buy big banks.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Investing

Date

2025/08/24

Date Created

2019/05/11

Author

alegatewolfe

default watermark

default watermark