3 Foolproof Strategies to Help You Retire Rich

Description

New research has shown that North Americans are retiring later in this new economic environment. The dream of early retirement may have passed many of us by, but don't let reality get you down. We can still focus on the next best thing: retiring rich!

In a previous article I'd discussed the issues facing large portions of the population when it comes to retirement. Many Canadians are plainly unprepared. Those who fail to prepare for retirement, or plan poorly, risk hurting their quality of life in their later years.

That's why I want to talk about three foolproof strategies that can help investors, especially those just starting out, set themselves up for a comfortable retirement.

Max out registered account room

Yes, I know what you're thinking; easier said than done! A 2018 *Financial Post* article estimated that one in five TFSA holders had maxed out their contribution room. Data on maxed-out RRSPs is harder to come by, but to be on the safe side we will presume it comes in at a similar rate.

Still, maxing out your contribution room is a fantastic goal to set. It may seem like a daunting feat, but you may be surprised how far you can come by making a concerted effort. Try to contribute on a bi-weekly or monthly basis in order to maintain your goal.

Stocks like **Enbridge** (TSX:ENB)(NYSE:ENB) can work wonders in a maxed-out TFSA or RRSP. The stock has provided an average annual return of 12.6% over the past 10 years – and that's without delving into its elite dividend payout.

Enbridge currently offers a quarterly dividend of $0.738 per share, which represents a tasty 6.1% yield. The company has delivered dividend growth for 23 consecutive years. It aims to continue this trend of increased payouts into the next decade on the back of its incredibly deep pipeline and impressive cash flows.

Be a bad consumer

Everyone gets that itch to splurge when they know they shouldn’t. Sometimes reckless spending can develop into a habit. In most cases, it’s an area in which we can all find room for improvement.

Being a bad consumer in this instance means paying yourself first. I guarantee that in six months’ time you will feel much better about your investment than you will about those spiffy new sunglasses you bought to show off this summer. And if you invest wisely, you may get the chance to take profits and scratch that itch in the end anyway.

Invest early!

This is a rule to live by, especially for young investors. A long-term and disciplined investment strategy, even a conservative one, is set up for success down the line. For example, let’s say an investor just starting out want to keep it simple. They are just going to stick with the top Canadian bank stock: **Royal Bank** (TSX:RY)(NYSE:RY).

Over the past 10 years, Royal Bank has boasted an average annual return of 11.4%. Royal Bank also offers a solid dividend. It last boosted its quarterly payout to $1.02 per share, which represents a 3.8% yield at the time of this writing.

Big banks offer a nice blend of growth and income, and Canada’s banks are some of the largest and most stable in the world. This balanced approach is a great way to start out for many new investors.

But the big takeaway should be to start saving and investing as early as you can. That way, you will give yourself more time to accumulate wealth and weather turbulence.

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