



## Millennial Investors: These 2 Boring Stocks Could Make You a TFSA Millionaire

### Description

Investors often discount the awesome potential of compounding. They don't realize even reasonable returns generated over a long time period can result in some impressive growth.

No account is better suited for this type of investment than your TFSA — the perfect place to put buy-and-hold stocks. After a few decades of compounding, you're then free to start withdrawing from your TFSA on a tax-free basis.

Many investors plan to live off their TFSA dividends while keeping the original investment in place.

Let's look at how easily the average millennial investor can become a [TFSA millionaire](#). Trust me, it's a lot easier than you'd think.

### Patience is key

There are three variables standing between you and millionaire status. They are:

- Initial capital
- Decent rates of return
- Time

Every millennial has time on their side, and it isn't hard to get decent rates of return. The only real thing standing between the average 20-something and eventually becoming a millionaire is scraping together initial capital.

It's not easy to get ahead nowadays, especially in major Canadian cities like Toronto or Vancouver. Housing costs more than ever, and baby boomers are stubbornly holding on to many of the good jobs.

But at the same time, basic personal finance skills should ensure that someone can at least put away \$5,000 to \$10,000 per year.

Let's just assume a 25-year-old millennial can save \$5,000 per year. They will earn a respectable 8% on their investments and keep growing their capital until 65. Just how much will this person end up with, anyway?

How does a cool \$1.5 million sound? The same millennial who manages to put away \$6,000 annually — which is the current TFSA contribution limit — will end up with \$1.8 million.

Yes, inflation will ensure \$1.5 million isn't worth nearly as much in 2059 as it is today. But it'll still be a great start.

Let's move onto the more important part of the article. How exactly can you get there? I have a couple of stock ideas, really boring companies that should easily return 8% annually, all without [too much volatility](#). Let's take a closer look.

## Capital Power

**Capital Power Corp** ([TSX:CPX](#)) has quietly become one of my favorite stocks. The power producer is currently in the midst of a transition from owning primarily coal-fired power assets in Alberta to becoming a diverse power generator with cleaner assets spread across North America.

Capital Power also has a solid plan in place to convert its existing coal-fired power plants to natural gas.

The company is using its balance sheet flexibility to grow its asset base, including recently gobbling up a gas-fired plant in Ontario. This acquisition will add immediately to the bottom line.

Similar to many power producers, Capital Power pays out much of its earnings in dividends. After a recent dividend hike — the company's sixth consecutive annual dividend increase — the current yield is 6.3%.

This means that all investors need is for shares to appreciate 1.7% annually and we'll hit our magical 8% return threshold. I'm confident the company can easily deliver that much growth.

## Information services

Investments don't get much more boring than **Information Services Corp** ([TSX:ISV](#)), the owner of Saskatchewan's land and corporate registry system.

The company has leveraged this monopoly business into an impressive collection of related businesses, which should help drive growth going forward.

The company is reasonably valued, too. It has a current market cap of \$285 million. It generated \$25 million in free cash flow in 2018. That puts us at slightly over 11x free cash flow, which is an attractive valuation.

And let's not forget about the company's attractive dividend, which has stood at \$0.20 per share on a quarterly basis since its 2013 IPO. That gives us a current yield of 4.9%, more than halfway to our 8%

annual return benchmark.

## The bottom line

Stocks don't get much more boring than a power producer and a land titles operator, but both are capable of delivering solid long-term returns.

These kinds of stocks are perfect for your TFSA goals. And as long as you leave them alone for a few decades, they'll help make you a millionaire.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:ISC (Information Services)

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