



Young Couples: Here's How You Can Retire at 40

Description

Attention young couples: you can retire at 40, with proper financial planning and a perfect execution of strategy. Both of you need to be on the same page, however, and determined to act.

Nowadays, it's common for both husband and wife to work. With two regular paychecks, partners can contribute to the household expenses and share the costs, including saving capital for investment. The journey to early retirement can begin once the seed money is there.

Dividend stocks

A young couple needs to bite the bullet, save more, and invest in dividend stocks. **Chemtrade** ([TSX:CHE.UN](#)) and **Inter Pipeline** (TSX:IPL) are two of the [recommended stocks by retirement planners](#) and income seekers. The high dividend yields can help couples grow a financial buffer, post-retirement.

For 18 years, Chemtrade has been operating as a diversified business, providing industrial chemicals and services to customers. The company is one of North America's largest suppliers of sulfuric acid and other specialty chemicals.

Chemtrade's own production facilities give the company a competitive position. Management can negotiate for long-term marketing services and distribution agreements with customers around the world. Such contracts have provisions to counter the risks of changing commodity prices.

The stock trades at less than \$10 and pays a high 12% dividend. Based on historical data and computation, an investment of \$10,000 in Chemtrade 10 years ago would translate to a total return of 273.29%. The amount, including the reinvestment of dividends, would be \$28,277.24 today.

Remember, however, that the dividend yield a decade ago was not as high as it is today. For the next 20 years, the average annual total return will be higher, assuming the price and dividend yield remain constant.

Solid growth

After 22 years of existence, Inter Pipeline has delivered a solid track record of stable growth and a strong financial performance. The core businesses of this oil and gas midstream company are petroleum transportation and storage, and the processing of natural gas liquids (NGL). The operations are in Western Canada and Europe.

Inter Pipeline's NGL business is one of the largest in Canada. It can produce more than 240,000 NGL barrels per day (b/d). The company's pipeline system is 7,800 kilometres long, and it can transport more than 1.4 million barrels per day. In Europe, the company operates 23 petroleum and petrochemical storage terminals.

Lastly, in late 2021, Inter Pipeline will complete the construction of the Heartland Petrochemical Complex. This project will generate up to \$500 million of long-term annual average EBITDA.

An investment of \$10,000 a decade ago could have delivered a total return of 325.11%. That would have amounted to \$42,518.05 today, including dividend reinvestment.

The retirement plan

A possible [retirement plan](#) could have you partly investing in Inter Pipeline and your partner investing in Chemtrade. Imagine the enormous returns if the combined investment were five or 10 times more than the examples above.

Once you hit the point where your portfolio is large enough, where 4% of it covers your annual living costs, you have enough to retire. This is known as the 4% rule. For example, if your living expenses are \$40,000 per year, you will need about \$1 million in your portfolio to retire at any age and live comfortably.

Early retirement for young couples means more blissful years together. By saving diligently and investing in dividend stocks, your dream of retirement could happen by as early as 40.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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