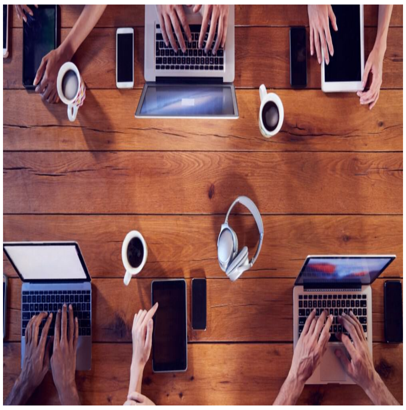

The Number 1 Mistake Millennials Are Making

Description

An article one of my fellow Fool writers recently wrote focused on the topic of one mistake that Canadians make when it comes to retirement. Ryan Vanzo wrote how the problem is that Canadians simply aren't saving enough, no matter what their household income. As a person ages, the problem only worsens.

It got me thinking what the number one problem for millennials would be. While saving becomes worse as a person ages, what can we do as young investors to get ahead of the issue?

Of course, the first point would be to put money away in the first place. However, there are absolutely a number of expenses that will be coming up as you age, so it's clear why the older crowd can't exactly be putting money away every year.

So while I agree with Vanzo that a simple solution could be to make automatic payments into your portfolio, many millennials don't have that option. Salaries have remained stagnant for literally decades, with mortgage and inflation playing an equal factor into why they cannot save enough.

For millennials, a better solution might be to take extra money when it comes your way, and put that away. That might only be $100 here or there, but it's better than nothing. Then, you can see those numbers slowly grow over a much longer period than soon-to-be retirees.

So for millennials, while an issue might be saving, that's not the one mistake. In fact, about 70% of millennials have at least some sort of savings, which is quite impressive. Rather, the one mistake would be not investing in the first place, and about 60% of millennials don't invest at all.

Investing can be intimidating, especially if you don't have a lot of savings to begin with. But if you choose the right stocks, you can start putting a few bucks away every so often and see your savings grow exponentially in the long term.

A great option I would consider is **Royal Bank of Canada** (TSX:RY)(NYSE:RY), the largest banking stock on the **S&P/TSX** by market cap and a solid option for those looking for conservative growth. Better still is that stock offers a dividend yield of 4.13% as of writing, so that every quarter you can take the cash that comes in and reinvest it in that stock.

That way, you're not solely dependent on your own savings when it comes to your investments. As well, that dividend is also slated to increase by 7-10% over the next few years.

Royal Bank is a superior option given its diverse portfolio for investors. The company has expanded into the United States recently, providing investors with more than Canada's economy to fall back on. It has also been growing in the wealth and commercial management industry, which has already proven highly lucrative for the bank.

Now is a great time to buy as the stock is currently trading below fair value. While analysts believe it should be worth about $110 per share, the stock is trading at around $100 at the moment for a potential upside of 10% in the near term.

In the long run, however, this stock has proven it can withstand even the toughest recession, bouncing back from the last one within a year.

Speaking of recessions, despite being concerned for one in our near future Royal Bank has maintained strong numbers. In its most recent quarter, it reported a 6% rise in net income to $3.23 billion from last year. We'll see if that continues by the end of August when its next earnings report comes out.

Finally, the stock has come up 525% as of writing in the last 20 years, so if you're a millennial investor of about 30 years old, that gives you a solid 30 years or more to see your funds increase. If today you're able to put in just $5,000 into a Tax-Free Savings Account (TFSA), in 30 years you could have about $150,000 with dividends reinvested. And that's without adding another dime.

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