New Investors: Build 3 Habits in Your 20s to Retire in Your 50s

Description

There's a correlation between money and youth. The younger generation thinks that you only can gain control of money when you're older and wiser. That's a big mistake if you have plans of retiring in your 50s.

If your 20s, you're already making financial decisions when you buy things. Hence, it debunks the misconception that because you're young, you have no control over money. Here are the three things you can do to retire early.

Learn the money basics

You won't be able to retire early if you can't develop the skills to use money wisely. It's not just about spending. You should learn how you can make your money work for you. At the same time, you have to be mindful of what could happen in the future or the circumstances you would be facing.

Have multiple sources of income

You'll realize how hard it is to earn money when you start working. Sooner or later, you'll find out the need to have multiple sources of income. A solid choice for new investors is Canada's largest bank and the largest company on the TSX Index, **Royal Bank of Canada** (TSX:RY)(NYSE:RY).

This bank stock is one of the top stocks in the 21st century. Regardless of how much money you earn today, you can save a little for the seed capital. RBC is the core holding of the older and wealthier Canadians.

Based on a recent survey, about 80% of the elite group has been holding the stock for years. Imagine the 1,219.39% total return on a $10,000 investment made by young investor like you some 20 years ago.

The bank stock's current dividend yield is 4.1%. If you have the same amount to invest, your money would be worth $131,902.14 or higher in two decades, assuming RBC raises its dividend. You'll enjoy the compounding effect of the dividends you reinvest, too.

Make sound financial decisions

Apart from increasing their wealth, the same survey said that Canada's wealthiest are after future-proofing their wealth. They include an energy stock like **Fortis** (TSX:FTS)(NYSE:FTS) as a safety net. As you go about your investing activities, you'll have to be responsive to market conditions and make sound decisions.

Whether you're a retiree or newbie investor, it's not too late to invest in this 45-year-old electric and gas utility company. Fortis leads the way in raising dividends. Only a few days ago, this top-tier energy stock announced a dividend increase of 6.1%. It marks 46 consecutive years of increases.

Fortis also disclosed its organic growth strategy in the next five years. By increasing its capital-investment plan for 2020 to 2024 to $18.3 billion, you can expect compound annual growth rates of 7.2% and 6.5% in three and five years, respectively.

Retire in your 50s

As you mature and get more involved with money, you'll develop financial literacy, augment your regular income, and make sound financial decisions. With RBC and Fortis as the backbones of your stock portfolio, you increase your chances of retiring at 50. The high-quality stocks can generate your future wealth.

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