The #1 Way You Can Retire by 50

Description

There isn't a big trick when it comes to retiring early. What it really comes down to is investing properly and preparing for the day as far in advance as possible.

So if you want to retire early, it's never too soon to start thinking about retirement. Whether you use a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA) isn't what will make or break your retirement. What does matter is consistency.

That means a consistent approach to your investments, and that comes down to reinvesting on a regular basis. You could put a chunk of money aside once, or even once a year, sure. But what's much better is to first dedicate a percentage of your income toward your investments every paycheque. On top of that, I would then choose investments that pay you to choose them.

I'm talking dividend stocks, and if you aren't already aware of them, you should be. Dividend stocks offer investors straight cash just for owning the company's stocks. Even if shares are down, every year, quarter, or even every month you will still receive cash from these companies that is put directly into your portfolio.

It can be seriously tempting to take that cash and run, but this is where the reinvestment comes into play. Investors should always have a watchlist of companies they are interested in so that when an opportunity arises, investors have a list of options to choose from.

One stock I would seriously consider adding to that watchlist is **Royal Bank of Canada** (TSX:RY)(NYSE:RY). As the country's top bank by market capitalization, Royal Bank already has a solid place in the investment world. The bank has a long history of both steady share growth and steady dividend increases that should keep investors happy for quite some time.

But it's not like Royal Bank is just going about business as usual. The bank has been expanding into the U.S. and the wealth and commercial management industries, not just in Canada but around the world. These two highly lucrative areas should bring in a significant amount of cash. In fact, these areas already have, providing Royal Bank with a nice cushion ahead of an economic downturn.

As for its dividend, Royal Bank just increased its dividend to now pay out $4.20 per share per year. That dividend has increased by an average of 9.6% every year for the last five years, or about 48% in that time. Royal Bank paid its dividends even during the Great Recession, although they weren't raised. Given that this recession won't be nearly as bad, investors should likely see dividend increases continue.

So let's use Royal Bank as an example. Say you make $40,000 per year after taxes, and put down an initial $5,000 investment. Leaving aside things like raises, inflation, and other factors, if you set a goal of saving 10% of your paycheque, that means you could put away $153 every pay period.

That would mean, if you're 25 when you start investing and keep making those future payments and reinvesting your dividends, you would have $631,779.35 by the time you're 50 with just this one investment.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Investing

Date
2025/09/08
Date Created
2019/09/28
Author
alegatewolfe