TFSA Investor Alert: Turn $10,000 Into $97,000 by Investing in This Banking Stock Now

Description

First, before we get into earnings and dividends and returns, I would like to talk about mental health in honour of the World Mental Health Day, which was celebrated on October 10. We can all openly talk about this topic in the year 2019 without stigma or fear.

To that end, I feel compelled to devote some portion of today's article to a Canadian bank that is making great strides in making mental health a cornerstone of its employees' well-being and how that is leading to stellar performance, today and into the future.

Scotiabank cares about employees' well-being

In the lead-up to the World Mental Health Day, **Scotiabank** (TSX:BNS)(NYSE:BNS) announced that it is adding two additional paid personal days for eligible Canadian employees in support of mental health and broader well-being.

In addition to more time off, Scotiabank also provides Canadian employees and their families with $3,000 a year in mental health coverage to use for services such as psychologists, psychotherapists, family therapists, and marriage counselors at no cost to the employee.

Scotiabank also announced that it was going to host a wellness event for its employees in Toronto on World Mental Health Day, along with other resources, including webinars on a number of mental health topics.

Mental health leads to profit

According to Barbara Mason, Scotiabank's chief human resources officer, "Our people are our most important asset, and their well-being is a top priority for Scotiabank. We strongly believe that byoffering employees greater flexibility to take time off to achieve greater work-life balance, our employee population will be healthier and happier, and therefore enabled to perform at their very best."

Barbara has hit the nail on the head. Not only is caring for employees the right thing to do, but it is also a solid business strategy for a few good reasons. First, employees who feel supported by their employers are less likely to be absent from work. Absenteeism is super costly to big banks, as they have to scramble for temporary resources, while still continuing to pay for the absent employees.

Employees who feel supported are also more likely to be productive and add value and less likely to leave to go to a competitor. So, in essence, Scotiabank's mental health strategy is a talent attraction and engagement tool, which is smart business.

Speaking of profit…

Scotiabank has much to be proud of, especially in its international banking division, which is the envy of all Canadian banks for its explosive growth rates. I've written before about how Scotiabank has hitched its wagon to the four Pacific Alliance countries in Latin America.

The Latin American focus is paying off in spades, as the bank has beaten its medium-term target of +9% growth in that division handily. As of Q3 2019, which ended on July 31, the bank has registered an impressive 15% growth in net income in its international division.

This explosive international growth is a key driver for the bank being able to raise its annual dividend from $1.96 in 2009 to $3.49 in 2019, which translates to an annual dividend-growth rate of 6%. What is more, the bank's total annual shareholder return over the same period has been an impressive 8.8%. This 8.8% return means that $10,000 invested in Scotiabank stock today would translate into about $24,000 in 10 years.

If we look at the bank's total shareholder return over the last 20 years, it is an even more impressive 12%. This means that $10,000 invested today would result in almost $97,000 in 20 years at the same rate of return. What a fantastic way for young people today to invest their early career earnings into Scotiabank stock and reap the benefit when they are ready to send their kids to high school and university.

Foolish bottom line

Scotiabank is a fantastic long-term investment that is set up to have a stellar 2020. After dropping to below $70 over the summer, it has made a strong comeback in the last few weeks and is now trading around $75. With a P/E ratio hovering around 11 and a dividend yield approaching 5%, Scotiabank is in the category of a no-brainer long-term investment.

Fools would do well to remember that the bank is making employee well-being a cornerstone of its success, which translates into happy customers, long-term profits, and fat TFSA accounts.

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Date
2025/07/05
Date Created
2019/10/14
Author
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