Baby Boomers' Advice: Plan for Retirement in Your Early 20s

Description

The saddest tale you can hear from baby boomers is the regret of not having to prepare early for retirement. It pains to see a retiree struggle during the sunset years because of a financial misstep. Many baby boomers found out belatedly that their nest eggs weren't enough to sustain a retirement lifestyle.

The one advice baby boomers would like to impart to the younger generation is to plan for retirement in the early 20s. Without a head start, you might end up with less than half of the money you'd need after retiring for good. The best move is to invest in income-generating assets or stocks to start the ball rolling.

Pioneer in dividend payments

If you're looking for the first stock to buy, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) should be tops on your list. This $61.97 bank is the first company in Canada to introduce dividend payments. After the initial dividend payout in 1829, BMO didn't stop sharing income with shareholders.

Today, BMO is one of the core holdings of retirees, TFSA, and RRSP users and many others. You can imagine the smile on the face of a long-time investor who invested $10,000 in the stock some two decades ago. The total return is 722.92%, including the reinvestment of dividends.

Who wouldn't enjoy receiving dividends with clockwork precision that could last for 100 years? That is the value of investing in high-quality, blue-chip stocks like BMO. You'll drown in misery in your old age and the money will keep flowing while you savour the remaining years of your existence.

Financial support for decades

Canadian Utilities (TSX:CU) is dividend all-star because of its record of increasing dividends for 47 consecutive years. The company started paying dividends in 1950. Today, this $10.67 billion company is well regarded by baby boomers as an instrumental asset.

If you purchase the stock and build your nest egg in your early 20s, you could be a wealthy retiree when it's your time to exit the mainstream. Given the stock's 4.32% dividend, whatever amount you invest today will surely double in less than 17 years.

Canadian Utilities isn't likely to falter in making dividend payouts regardless of market scenarios or economic conditions. Nothing can halt the company's dividend streak. The record will continue for decades, if not for eternity.

You're not taking a huge risk in Canadian Utilities. Its business of providing natural gas and electricity in North America and Australia will not cease, and therefore, generating profits won't be a concern.

Times are changing, including the longevity of life in Canada. You would need a company to support your financial needs for a stretch of two or three decades.

Don't start too late

The younger generation should take the advice of baby boomers seriously: start saving early for retirement. Apart from not knowing how long you'll live, you can't get back lost time. Many baby boomers started saving too late, yet expected to enjoy the same lifestyle as they did before retirement.

You can start small and use your savings to invest in CIBC and Canadian Utilities. The important thing is to gain financial ground while you're young.

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2. TSX:BMO (Bank Of Montreal)
3. TSX:CU (Canadian Utilities Limited)

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