Millennials: Invest in Dividend Stocks to Join the FIRE Movement

Description

If you're a young Canadian and your goal is to achieve financial independence and retire early (FIRE), you need to have strong determination and will.

Heed the advice of the baby boomers who are saying that investing too conservatively is a mistake. Your money won't grow as much if you just save but don't invest.

One sure way to build wealth for the long haul is to invest in dividend stocks like **Alaris** (TSX:AD) and **American Hotel Income Properties** (TSX:HOT.UN).

Be like royalty

Alaris is a $703 million private equity firm that has one of the unique business models. This firm derives revenue by helping top-performing lower- and middle-market companies achieve business growth and success.

Clients of Alaris are profitable entities who need growth capital for recapitalization or expansion. In exchange for the sourcing the much-needed funds or providing the liquidity, Alaris receives monthly cash distribution on its preferred equity position.

Investors prefer Alaris over other dividend stocks because of the 8.55% dividend. If you're a millennial with $100,000 savings, your money will double in eight-and-a-half years. Assuming Alaris maintains the yield and you hold on to the shares, your money will be worth $400,000 in 17 years.

The advice of not investing conservatively makes perfect sense. Let your money work for you. You need dividend beasts like Alaris to build wealth and secure your financial future.

Be like a landlord

You'd be frugal to a fault if you're not willing to buy the hottest real estate investment trust (REIT) in

Canada at $6.70 per share. A baby boomer with money to spare would not think twice about AHIP. This $523.8 million REIT pays shareholders a market-beating dividend of 12.89%.

Your $100,000 savings will double in five-and-a-half years. In 16.5 years, the value of your money would be $600,000, assuming the yield stays the same every five-and-a-half years.

AHIP can maintain its dividend titan status because of its concentration in the secondary U.S. hotel industry. The REIT generates profit from the rental payments of select-service hotels it owns and operates. Since it is a niche market, AHIP will continue its steady growth for years to come with the option to expand.

Dividends are safe, as all REITS in Canada are required by law to distribute 90% of income to shareholders. If you can plan to manage your finances well, the dividends from AHIP can help you achieve financial independence and perhaps retire at age 55.

Perfect combination

Alaris and AHIP are two of the dividend kings on the TSX. If you have the money to combine both in your stock portfolio, you'd receive an average dividend of 10.72%. No pair of dividend stocks could come close to providing such a high average.

The final advice is not to overinvest while having an outstanding debt. You have to pay down or retire your debts before you can concentrate on saving for the future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)

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cliew