Millennials: 2 Strategies to Help You Retire Rich

Description

When it comes to saving for retirement, the first step is to build good habits and avoid major mistakes. One mistake I'd covered this month is especially important for young investors. Increased debt levels and a higher cost of living has driven down retirement expectations for millennials. There are new challenges that we are facing today but constructing and adhering to a retirement plan will improve your quality of life in the long term.

Today, I want to look at two strategies that millennials should adopt in their early investing years.

Target stocks that are well positioned for the long term

This is a no-brainer for any beginner, but in a retirement portfolio we want to sidestep the riskiest assets for better long-term options. For example, cannabis stocks have richly rewarded many young investors in the back half of this decade, but their volatility means they are not the best choices for a retirement portfolio.

Sun Life Financial (TSX:SLF)(NYSE:SLF) is one stock I like for retirement investors in late 2019. The stock has achieved average annual returns of 9% over the past 10 years. Shares have climbed 33% in 2019 as of close on October 22.

Companies like Sun Life have pushed into Asia as the growing middle class in the developing world is severely underinsured. This is especially true in China and India, which comprise two of the world's five-largest economies. A recent report from Bain revealed that premium income from general insurance rose at an average annual rate of 13% from 2013 to 2017, and it projects that this could double from 2020 to 2029. In the second quarter, Sun Life reported insurance sales in Asia of $238 million. This was up 12% from the prior year.

Shares of Sun Life were near 52-week highs at the time of this writing, but the stock still possessed a price-to-earnings ratio of 14.9 and a price-to-book value of 1.6. Sun Life stock also offers a quarterly dividend of $0.525 per share, representing a 3.5% yield.

Dividend growth is gold

Stocks that have achieved a long history of dividend growth typically means that the companies are reliable and interested in rewarding shareholders. These are the kind of equities that can churn out attractive value in a retirement account. **Fortis** (TSX:FTS)(NYSE:FTS) is an elite option on the TSX.

Shares of Fortis have climbed 23% in 2019 as of close on October 22. Utility stocks have thrived due to weakening bond yields, as investors are looking for stable income alternatives. Fortis is a company that has a long history of rewarding its shareholders. It is intent on continuing this as it has increased its capital-expenditure plan by $0.6 billion in 2019 to $4.3 billion. Through its $17.3 billion five-year plan, Fortis aims to grow its rate base from $26.1 billion in 2018 to $35.5 billion by 2023. It says that this will support dividend growth of approximately 6% through to that year.

Fortis has already achieved dividend growth for 45 consecutive years. It currently offers a quarterly dividend of $0.45 per share, which represents a 3.5% yield. Fortis does not boast a monster yield, but its history of rewarding shareholders makes it one of the best dividend stocks for Canadian investors.

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