1 Shocking Reason Why Saving Money Won’t Make You Rich

Description

Saving money is right in the short-term, but unfortunately, it won’t make you rich. The downside of saving money and not investing is inflation. Inflation will diminish the value of your savings over time.

Inflation can also chip away at your money if the rate is higher than the interest on your savings account. Thus, it is a must to cope with inflation so that it won’t reduce your purchasing power altogether.

Your best course of action is to use your savings to invest in income-producing assets. **Power Corp** (TSX:POW) and **RioCan** (TSX:REI.UN) are dividend stocks whose yields are over and above the actual 1.9% inflation rate in September 2019, and also the full-year forecast this year.

Dodge inflation

Power Corp. is a $12.18 billion diversified international management and holding company. It holds interests in companies in the financial services, asset management, sustainable and renewable energy, and other business sectors. The company has been operating for 94 years.

The company has a 64.1% stake in **Power Financial Corp.**, a holding company as well. Power Financial owns more than 60% of global insurance powerhouse **Great-West Life Co.** and premier financial services company **IGM Financial**.

Power Corp. presented impressive results for the period ended September 30, 2019. There was a $41.9 billion (+22%) increase in sales from Great-West during Q3 2019 versus Q3 2018. The assets under management of IGM ballooned to $162.5 billion (+1.8%) for the same period due to favourable investment returns.

A $25,000 investment in the stock, along with its 5.05% dividend, can earn for you $105.21 monthly. In 20 years, your money would be worth $66,967.05 or an incredible growth of 268%.

Escape inflation

RioCan is one of the dependable real estate investment trusts (REITs), if not the most reliable dividend stock in the real estate sector. Besides being recession-resistant, RioCan is an ideal hedge against inflation.

With a 5.48% dividend, you will receive a higher, steady income stream. RioCan is present in six urban core markets. Nearly all of its retail and commercial properties are in locations with strong potentials for rental growth. Key partnerships are placed with **Boardwalk** and **Killam**, both growth-oriented REITs.

RioCan continues to solidify and maintain its dominant position in Canada's major urban markets, particularly the Greater Toronto Area (GTA). In the nine months ended September 30, 2019, net income rose by 64.95% to $625 million versus the same period in 2018.

Although the occupancy rate slid slightly from 98% to 97.7%, the contribution of the six core markets to the annualized revenue rose to 88.7% from 84.1% during the same time frame. Expect RioCan to fortify its portfolio with 27.4 million square feet in the development pipeline.

Beat inflation

Inflation can impact on both savers and investors. Consider a situation where your savings or investment return is equal to the inflation rate. When adjusted for inflation, your investment return effectively comes out to zero. Thus, the solution is to beat inflation.

Power Corp. and RioCan provide better protection because the yields are inflation-beating. You can beat inflation with both, and at the same time, strengthen your financial position with an income stream for years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:POW (Power Corporation of Canada)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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cliew