



## Millennials: How You Can Go on Vacation Every Year Without Breaking the Bank

### Description

Want to explore cities in curious countries, try new adventures, and eat authentic food from different cultures? Believe it or not, you don't need to break the bank to go on vacations of your dreams.

Start by saving \$100 a week, \$433 a month, or \$5,200 a year. No, this is not for your next vacation. It's for your vacation investment portfolio that will fund your vacations every year into the future.

Initially, the portfolio will only fund a small portion of your vacations. However, the longer you work at it, the closer you get to the goal of funding *your entire vacations every year*.

Here are two criteria for this to work.

First, you must promise never to touch the principal of the portfolio. Every dollar that you save and goes into the portfolio must stay inside.

Second, you must generate safe income from the portfolio. The income generated is what you can spend on your vacations!

Here are some [quality dividend stocks](#) to get you started on generating passive income right away!

### TD Bank

Many millennials like to bank with **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Its appeal to young people shows in the high adoption for its digital services — about half of its over 26 million customers are active digital customers.

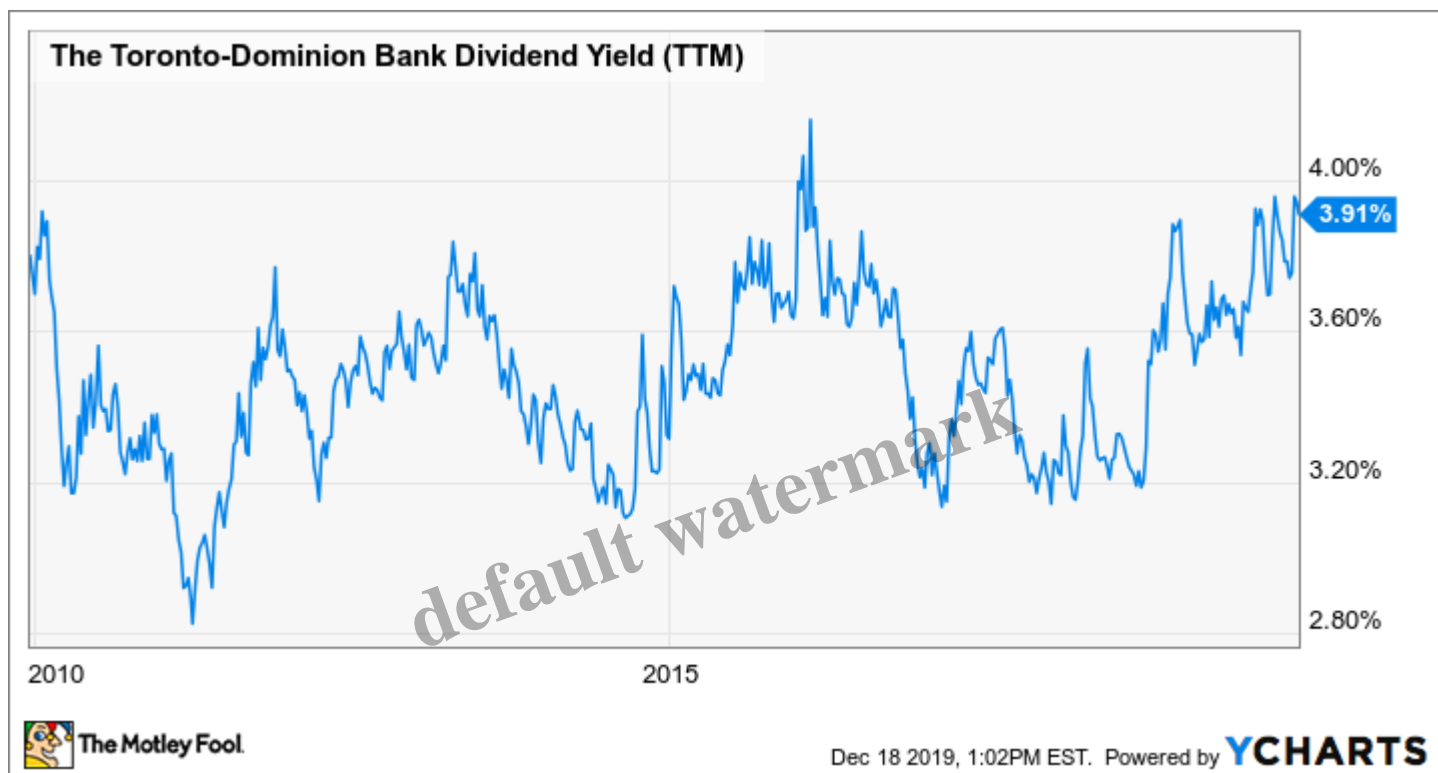
If you like the quality bank, why not own a piece of the business and invest in the stock, too? In fact, it's been a while since TD stock offered such a wonderful yield of 4%.

At a closer look, the stock does indeed trade at an attractive valuation of just 11 times earnings at under \$74 per share at writing. Furthermore, you can expect a dividend increase coming up very soon

in late February.

When combined with earnings growth, TD stock's recent payout ratio of 46% gives lots of room to grow the dividend. In the past five years, it increased its dividend by 8-11% per year.

Being conservative, a dividend hike of just 7% will result in a forward payout ratio of about 46% and a yield of close to 4.3%, which would be a fabulous yield compared to TD stock's historical dividend yield range in the last 10 years!



TD Dividend Yield (TTM) data by YCharts,

## A&W

When going on vacation, Canadians are proud to wear their Canadian flags somewhere on them, such as having a Canadian flag pin on their backpacks or caps.

Owning units of **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](https://www.scribd.com/document/444444444)), a 100% Canadian-owned business, is a wonderful way to show that you're proud to be Canadian.

More important, A&W is a proven monthly income payer. Specifically, the income fund generates royalties from A&W restaurants all across Canada. By January 2020, A&W will increase its royalty pool restaurant to 971 with 37 net new restaurants.

Every single one of those restaurants will pay royalties of 3% sales to A&W. In turn, A&W pays out most of it as cash distributions to unit holders.

The new restaurants are expected to make net additional annual royalty payments of roughly

\$1,856,000 to the fund. This translates to growth of nearly 4.2% on a monthly basis based on the royalty income generated in the first three quarters of 2019.

The stock's cash flow will be resilient during recessions due to its quality-food, quick-eat, and low-cost offerings. As proof, it has increased or maintained its cash distribution since 2005 and through the last recession.

After the meaningful correction of 15% from a \$45 high, A&W stock is a good buy to start you off with a safe yield of 4.9%.

## Millennial takeaway

Start your vacation investment portfolio right away with quality dividend stocks like TD Bank and A&W. In order to reach your goal of funding your vacations entirely quicker, consider [investing in your TFSA](#) for tax-free income, growth, and withdrawals!

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:TD (The Toronto-Dominion Bank)

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