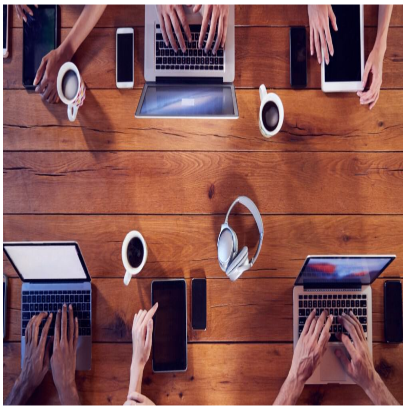

Millennials: Achieve Financial Freedom With the 50/30/20 Rule

Description

Millennials who want to [improve financial health] could try the percentage budgeting approach. The 50/30/20 rule introduced by U.S. Senator Elizabeth Warren in 2005 might be more suitable to a millennial lifestyle.

The simple budget rule recommends that you allocate 50% of your after-tax or disposable income for needs and 30% for wants, luxuries, or desires. But the last 20% is the most important because you earmark it for saving money and investing or paying down debts.

The 50/30/20 rule sets aside detailed planning for a simplified process. For the 20% allocation, the suggested investments are **Exchange Income** (TSX:EIF) and **Savaria (**TSX:SIS). Both are dividend stocks with strong growth potential.

Growing industry

Millennials should find Exchange Income appealing and exciting. This $1.5 billion company provides a variety of services and equipment to companies in the aerospace industry. Aside from the scheduled and chartered services, Exchange is known for its emergency medivac services.

The company also provides regional operators with aircraft, engines and other components, and parts. Exchange should be able to ride out economic downturns because of its diverse portfolio of services. Every year the company makes strategic acquisitions to drive growth.

Exchange generates the bulk of its revenue from sovereign or government-related contracts. The business is secure given that governments need to spend on these types of services. Only budget cuts or political intervention are threats to the company.

Considering Exchange's nine-year dividend growth streak and business continuity, the 5.32% dividend is safe and reliable. Millennials can build an income stream from the 20% budget allocation.

Increasing demand

There's every reason to invest in a company that's displaying impressive growth numbers. Savaria is a $684.82 million company that designs, engineers, and manufacturers personal mobility products for the elderly population and others with mobility challenges.

Savaria offers a wide range of mobility-related products, including stair lifts, platform lifts, and elevators. Ten years from now, 65 years old or older people will comprise the population of Canada and the U.S.

For the last five years, Savaria has a total return of 274.68%, although the stock is down by 2.57% year-to-date. Analysts, however, are forecasting a 40.3% climb from $13.57 to $19 in the next 12 months. This industrial stock currently pays a respectable dividend of 3.36%, which should be sustainable moving forward.

Savaria is close to dominating the accessibility industry. The company should benefit greatly from the aging population. By focusing on its core accessibility segment and strong demographic growth, the business outlook is very bright.

Future financial well-being

Millennials who have a fear of investing or unsure of how much money to save can start with the 50/30/20 budgeting option. You can always adjust the budget allocations to see which one works best. The most important aspect is to save and begin making savvy money moves in 2020.

With growth stocks such as Exchange Income and Savaria in the portfolio, there's plenty of upside. Over time, the younger generation should benefit from the power of compounding and realize significant money growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:SIS (Savaria Corporation)

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