



Millennial Investors: Read This if You Want to Retire Early

Description

Many workers — especially those who just tolerate their jobs — secretly pine for one thing. They want to retire early.

Ultimately, the whole FIRE movement — which stands for Financial Independence Retire Early — comes down to one important detail: [someone who has accumulated a substantial nest egg](#) is in control of their own destiny. *How* they choose to spend that time is completely up to them.

They can throw off the shackles of work for a lifetime of leisure activities or they can pursue a passion project that just happens to make money. They can even keep working at a job they love.

The possibilities are endless, which is kind of the entire point.

There's just one problem. Many folks want to retire early. They just don't know how to get there.

I won't pretend I can give you all the answers in just one article, but I can show you just how easy it can be and a map of how to get there. Let's take a closer look.

Step 1 – ramp up savings

The first step to retiring early is to save as much money as possible. You'll need to increase your income while minimizing expenses.

Let's look at boosting your top line first. It might be as simple as taking on extra shifts at work or asking for a promotion. Perhaps you take an extra part-time job or leverage your knowledge into a lucrative side hustle.

Some people may need to take more drastic steps. If you're in a low paying job today, you may want to look into a higher paying career, which might mean going back to school or leaving a company you really like.

The second half of this equation is keeping your expenses low. The best bang for your buck is to focus on the three biggest living expenses: housing, food, and transportation.

Feel free to think a little outside the box, too. It might make sense to pay more for rent by moving closer to work if you can then cut out your car in favour of public transport. And it's always going to be cheaper to cook at home than it is eating out.

Combine these two factors and you'll really see your savings rate jump.

Step 2 — invest well

One of the most effective ways to retire early is to pour all of your capital into [top dividend growth stocks](#). These companies tend to provide excellent total returns, steadily increasing in price while paying top-notch dividends.

Today's market weakness means you're picking up these companies at bargain prices.

Take **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) as an example. This steady presence in many early retiree portfolios has gotten absolutely crushed lately, with shares falling as much as 20% compared to recent highs. And remember, this stock has held up better than most others on the **Toronto Stock Exchange**.

I don't want to minimize recent economic developments. COVID-19 will impact a lot of wallets, but BCE is positioned quite well in this new reality. Besides, millions of Canadians staying home more often is excellent news for BCE's business.

These folks will make sure to pay their cable TV, internet, and wireless phone bills. And BCE's professional sports teams — it has ownership stakes in the Toronto Maple Leafs, Toronto Raptors, and Montreal Canadiens — will be back playing soon enough.

The stock price decline has also boosted BCE's dividend; the payout is a robust 6.6% as I type this. And remember, BCE has a history of hiking its dividend. Investors should be able to expect average raises in the 3-5% range going forward.

This is exactly what makes BCE an excellent retire early stock. The dividend is secure. The yield is excellent. And today's cheap price means that the company offers excellent capital gains potential.

Step 3 – enjoy your retirement

This isn't a journey you can complete over a couple of years. It'll take a decade of steady saving to retire early. Likely even longer.

But the end is worth it. Even if you choose to keep on working, it's still nice to not have to worry about money.

Just remember — the time to act is *today*. Every stock you purchase at today's discount prices will get you closer to early retirement.

CATEGORY

1. Dividend Stocks
2. Investing

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