



## RRSP Investors: Use This 2020 Market Crash to Retire a Millionaire

### Description

A market crash might be bad news for your current investment portfolio, especially if it's full of stocks from the failing sectors and inadequately diversified. On the bright side, it's also an opportunity to make a bright future for yourself. If you can buy and place the right discounted stocks in your RRSP, you can significantly increase your chances of retiring a millionaire.

Realistically, if you have 35 years to grow your wealth in an RRSP, you need a \$30,000 investment to grow at a rate of 11% a year. That growth rate isn't that hard to find. And instead of tying your investment to a single growth stock, dividing it up into three stocks that offer growth and dividends is a smarter move.

### World's largest label maker

**CCL Industries** ([TSX:CCL.B](#)) is a specialty [packaging company](#), with facilities in 40 countries. The company has a diversified portfolio of products and services, mostly related to label materials and printing services. One of its subsidiaries, Checkpoint, offers RFID and other RF-based technological solutions for inventory tracking. It's also a Dividend Aristocrat that increased its payouts by 80% since 2016.

Currently, the company is trading at \$42.9 per share, which is 23% down from its start-of-the-year value. It returned almost 107% to its investors in capital gains before the crash. Even at the current share price, if we consider the company's 10-year CAGR, the yearly growth comes out to 22.5%, more than double what you might need to become a millionaire.

### A residential REIT

**Interrent REIT** ([TSX:IIP.UN](#)) is another Dividend Aristocrat with eight consecutive years of payout increases under its belt. The company has a well-diversified portfolio of residential properties and dependable cash flows from the rental income. It offers monthly dividends and is currently offering a yield of 2.27%. The share price of \$14 has fallen about 24% from its yearly high value.

IIP's 10-year CAGR is even more monstrous than CCL's — a whopping 30.3%. And that's when the current share price is low. Even if the company keeps growing at half the pace (yearly growth rate of 15%), it has the potential of making you a millionaire in 35 years, with just \$10,000 right now. But let's stick with our minimal expectations and hope that the company will grow at least at a pace of 11% a year.

## A training company

Airlines have been decimated in the current crash and have brought down companies associated with them as well. **CAE** ([TSX:CAE](#))([NYSE:CAE](#)), which manufactures [flight simulators](#) and trains pilots, is still down 46%. Even the company's diversification into medical training and a global network of training facilities and experts haven't been able to accelerate its recovery pace.

It's also a Dividend Aristocrat, with a stellar dividend history: 12 consecutive years of dividend increases. But unfortunately, the dividend streak has come to an end, as the company announced the suspension of its payouts. It may restart in the future, but there is no guarantee. Currently, the company's 10-year CAGR comes out to about 10%. So \$10,000 in CAE with an expected 10% growth every year might earn you \$281,000 in 35 years.

## Foolish takeaway

If we use the 10-year CAGRs of the three companies to project the future growth of your RRSP portfolio, the numbers become overly optimistic, especially with just \$10,000 initial investment. But even if the companies offer a combined capital growth of just 10.6% a year, for the next 35 years, you can hit a million with just \$30,000 invested now (\$10,000) in the three companies.

The benefit of diversification in this scenario is that if one company doesn't perform as well as you have projected, the other two might perform better. Stock growth in one or two stocks might get offset by explosive growth in the other(s). Also, you can significantly increase the returns by reinvesting the dividends.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)

3. TSX:CCL.B (CCL Industries)
4. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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## **Date**

2025/08/23

## **Date Created**

2020/04/25

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