



Retire in 20 Years With \$30,000 Today

Description

Estimating the amount of money you need to retire is the first step in achieving financial independence. For many, a \$1 million nest egg will be sufficient to live a comfortable retirement. If you are just starting out, achieving \$1 million in investments can seem like a daunting task. However, by investing in the right companies, you can retire in 20 years with as little as \$30,000 in capital.

To do so, investors will need to invest in companies that can achieve a compound annual growth rate (CAGR) of at least 19.16%. Although this may seem like a lot, many **TSX**-listed stocks have a history of either meeting or exceeding this rate.

To achieve such a [high rate of return](#), investors will need to take on additional risk. However, the [tech industry](#) has proven to be one of the best places for investors to park their cash over the past decade. As we are witnessing an accelerated shift to conducting business online, they are likely to also outperform over the next decade.

Investing in high quality technology stocks at the moment is the best path to retire in 20 years. Among the best? **Constellation Software** ([TSX:SU](#)) and **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)).

Best-in-class management

To limit risk, it is best to invest in a strong management team. There is arguably none better than Constellation Software. Since the company did away with conference calls, investors have to put their full faith in management to help them retire in 20 years.

This faith has been well rewarded. Over the past decade, Constellation shareholders are sitting on total gains of 3,620%. A \$10,000 investment in the company 10 years ago would be worth \$371,620 today. This is equal to a CAGR of 43.55% – more than double the required rate of return we are looking for.

Management has an incredible track record of scooping up companies and integrating them into the fold. It is a serial acquirer, and there is perhaps no better industry consolidator.

Constellation has averaged 17% annual earnings growth over the past five years, and it is a rate that is accelerating. Analysts expect earnings to grow at an annual rate of 25% over the next few years. This

should be more than enough for investors to achieve returns that will put them on the right path to retire in 20 years.

A leading logistics company

Another strong candidate to help investors to early retirement is Descartes Systems. This logistics company has a 10-year CAGR of 26.71%. A \$10,000 investment in the company would be worth \$106,690 today. Once again, this is more than enough to achieve the rate required to retire in 20 years.

The best news is that the company should exceed historical growth rates. Over the past five years, earnings have grown by approximately 14% annually. Over the next five, analysts expect earnings growth of 17% annually. Not surprisingly, Descartes performance places it among the best technology stocks on the TSX Index.

Given the current environment, the demand for Descartes services from the transportation and logistics, distribution, manufacturing, and retail industries is likely to remain strong. In fact, one could argue that the lasting effects of the pandemic will be a boon for the company for years to come. It's a good bet to help investors retire in 20 years.

Retire in 20 years

Turning \$30,000 into \$1 million is a realistic goal. To do so, investors will need to identify companies with a proven history and strong outlook. Constellation Software and Descartes Systems are two of Canada's premier technology companies.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

2. Tech Stocks

Date

2025/07/19

Date Created

2020/05/27

Author

mlitalien

default watermark

default watermark