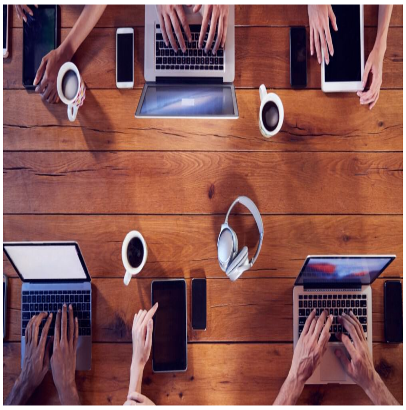

Attention: The Biggest Money Mistake Millennials Are Making!

Description

According to Statistics Canada, Canadians between 25 to 34 years old earned a median total income of $39,500 in 2018, including $200 of median investment income. After adjusting for inflation, those amounts would be $40,211 and $203.60, respectively, this year.

The biggest money mistake millennials are making

It’s shocking! The study suggests that millennials are earning just 0.5% of their total income from investments.

I hope that millennials actually earn much more investment income inside their Tax-Free Savings Accounts (TFSAs) or RRSPs, which may have been shielded from the data.

If that’s not what you’re doing, I’d like to call your attention to billions of dollars of dividends that are up for grabs.

Here are some examples. **TD Bank** stock paid out $5.3 billion in dividends in the trailing 12 months. **TELUS** — $1 billion of dividends. **Fortis** — $655 million. The list goes on…

Millennials are making the big mistake of not taking full advantage of investment income. They should certainly consider boosting it badly, especially while quality dividend stocks are still depressed in this market downturn.

Why build a passive income stream

It’s great if millennials are focused on building their careers. Simultaneously, it doesn’t hurt to build a passive income stream on the side. It’ll help you develop a good habit of saving and investing. Essentially, once you get into the routine, you can’t possibly run out of money. Ever!

The passive income can be used to complement your active income to improve your standard of living.

Alternatively, you can view it as a way to grow your wealth or save for a big purchase, such as a mortgage, car, or vacation.

Why get passive income from dividend stocks

It's simple and straightforward to get passive income from dividend stocks. You buy the shares of quality dividend stocks when they're cheap and you hold them to collect passive income.

TD, TELUS, and Fortis are all leaders in their industries and are quality investment-grade companies. Currently, TD offers a safe yield of 5.2%. TELUS yields 4.9%. And Fortis yields 3.6%. They average a yield of more than 4.5% that you can take advantage of immediately.

Simply invest the same amount in each stock. For example, you might have $3,000 to spare. By being equal weight and buying $1,000 in each stock, you'll get an average yield of just over 4.5%.

These three stocks are actually Canadian Dividend Aristocrats that have increased their dividends for at least nine consecutive years. You can trust that in the long run, they'll continue to do so.

Moreover, their current yields already ensure you'll double your purchasing power with their dividends as the inflation rate is in the 2% range.

Active investing or autopilot?

Once you set up a portfolio of dividend stocks you are confident in, it can practically go on autopilot. You can keep buying $1,000 worth of shares periodically to increase your passive income stream.

However, if you want to buy the best-valued stocks at any given time, you can increase your returns, but you'll need to do more homework.

How much time you put into managing your investment portfolio is up to you.

That said, if you are passionate about investing and spend time educating yourself, it should be very rewarding financially as well as satisfying in other ways.

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