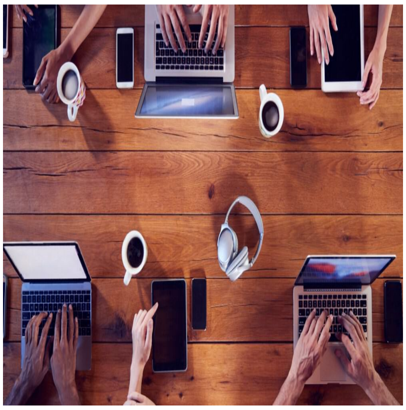

Millennials: 77% Make This One Fatal Mistake

Description

Everyone is trying to find the best way to save. Today, that's never been truer. With a pandemic currently sweeping across the globe, our finances have also been ravaged. The economic downturn has been hard, but no group has been hit harder than millennials.

The millennial generation had it tough before the COVID-19 outbreak and subsequent market crash. The generation's debt-to-income ratio is over 200%, according to recent data. That's mortgages, car payments, school loans, never mind just paying for daily necessities.

On top of that, the salary of this age group has increased by an incredible $400 since the 1980s! Add on to that the massive layoffs, business closures, and industry shutdowns happening and you have a generation in desperate need of aid.

So clearly, saving as much money as you can has never been more important for millennials. But, what's the *right* way?

Is cash king?

Here's the logic most millennials go by. I need to pay off debt. Every paycheque I get, I will put some money away to pay off that debt. I can't afford to invest because I have too much debt and investing is risky.

Therefore, the best way to keep my cash safe is to keep it as cash. After all, any money you *do* save you won't need for decades. At least 10 years or more. So why risk putting it into investments if you can just safely stockpile it? Right?

Wrong.

This is the biggest mistake almost all millennials are making today. Even during an economic downturn, investments can be your best friend. In fact, given that you have decades there really isn't a downside to investing in the stock market. If you have decades to stockpile cash, you have decades to make money!

After all, not every stock out there is at risk of collapse. You don't have to get into the stock market and buy up cannabis. Buy some safe stocks and see them steadily rise for the next few decades.

But here's the other problem for millennials hoarding cash: taxes. Any cash you have in those savings accounts you have to declare to the government. That means each and every year, your hoard of cash is being slowly chipped away. So, what should you do instead to keep that cash growing strong?

Blue-chip buys

If you're worried about keeping your money safe, the best way to invest is by looking for blue-chip stocks. These are household names of any industry, with years and years of strength behind them and a strong future ahead.

These stocks also offer up dividends to investors. If you're not aware, dividends is money given out to shareholders from the company's profits.

Right now is the perfect time to invest in these stocks because the market is down. You don't have to buy a bunch, but if you have some money saved than even buying a few shares means you'll be bringing in income every quarter that you can use to reinvest.

If you're a millennial, I would highly recommend a strong stock like **Royal Bank of Canada** (TSX:RY)(NYSE:RY) in this case.

Royal Bank emerged from the last recession within a year to pre-crash prices, and has come even farther since. The bank is the largest of the Big Six Banks by market capitalization, and has expanded into the United States and emerging Latin American market.

This offers strong growth for the near and far future. So does its highly lucrative wealth and commercial management sector.

While another downturn might come, if millennials are buying up this stock they have nothing to worry about. It's highly unlikely Royal Bank is going under any time soon. After all, it's already been around for 156 years.

So let's say from today's downturn the next decade looks similar, an investment of $1,000 while reinvesting dividends could bring you to just shy of $5,000 in a decade. And that's without adding a single cent.

Add another zero and that's $10,000 turned into $50,000. Put that into a Tax-Free Savings Account and all that money is safe from government hands. That should certainly take a chunk out of your student debts.

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