



How Millennial Couples Can Earn an Extra \$6,950 and Pay Nothing to CRA

Description

Millennials have drawn the short straw of the generations. We were born during a recession, entered the job market during a recession, and now, just as we hope to solidify careers and family life, another economic downturn hits. It's made it particularly hard for millennial couples.

On average, millennials have about \$26,000 saved. However, about half of us don't do the one thing we should with those savings: invest.

There's something we have that many of the other generations don't have, however: time. We can buy low, wait, and as long as we choose solid stocks, selling high should be simple. Especially if you include the tax-free option.

TFSA: the secret weapon

Well, maybe TFSAs aren't exactly a *secret*. The Tax-Free Savings Account (TFSA) has been around for over a decade now. To date, investors can use \$69,500 of contribution room in their TFSA to invest in any Canadian stock they choose, tax free.

For millennial couples, it gets better. There's \$139,000 combined to use at your discretion. While our baby boomer parents might recommend investing in something like a GIC, I would argue you have the time to find some solid growth stocks. If you invest in a dividend stock, even better. That's household income you can use to pay down debt, or reinvest.

Option 1: Royal Bank

The Big Six Banks are the [perfect option](#) for millennial investors right now. These banks fared as some of the best in the world during the last recession, and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is no exception. The bank returned to pre-crash prices within a year of the crash. This should happen again, as the bank prepared for the market crash, and has total assets of \$1.49 trillion as of 2019.

The bank has seen a slump during the pandemic, of course. During the second quarter, it reported net income down 54% from the prior year. Earnings per share were down 55%, and there was a huge increase of \$2,404 million in provision for credit losses. Luckily, the bank was able to offset this with higher earnings in the investor and treasury services and insurance sector.

While it'll be a climb to get back to pre-crash prices, millennial couples have time to wait. Once the market rebounds, the bank will be one of the first to reach to prices yet again. Simply looking at the gains from the last crash a decade ago, Royal Bank increased 213% in that time.

That could certainly happen again, as Royal Bank has the assets, expansion, and highly lucrative investments to back up further gains. Meanwhile, investors can take advantage of 4.73% dividend yield, which rose 116% in the last decade.

Option 2: Pembina

Another area set to soar in the next [several years](#) are pipeline companies. Pipelines are the answer to the energy sectors' prayers. It would end the oil and gas glut drilling down the price of oil in Canada. And it would mean a company like **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) could see a huge increase in share price as oil gets moving again.

Pembina has two things going for it for millennial couples. First, it already has long-term contracts to keep cash flowing even during an economic downturn. But it also have \$5.6 billion in growth projects to be built over the next few years. In fact, there are some analysts who predict shares could double in the next year or so.

This could happen sooner as opposed to later, as the company's recent earnings report showed higher gross profit from its acquisition of Kinder Morgan Canada and those long-term contracts. It also saw record first quarter adjusted EBITDA of \$830 million, a 7% increase from the same time last year.

While it might take a bit of time for Pembina to reach that \$60 share price, investors can be pretty sure it'll come eventually. Meanwhile, the stock has a solid dividend with a 93.08% payout ratio. The stock offers a 7.9% dividend yield, which increased 62% in the last decade.

Bottom line

Both of these stocks are stable options to last you decades — all the way to retirement. If millennial couples invest that \$139,000 in an equal part of Royal Bank and Pembina, that would bring in dividends of \$8,700 per year for your household.

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1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:PPL (Pembina Pipeline Corporation)
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