Millennials: Retire at Freedom 50 With This 1 Trick

Description

Millennials have been dealt a pretty bad hand. The generation was born during a recession, entered the job market during a recession, and are now trying to settle down during an economic downturn and pandemic to boot. But if there's one thing millennials do have: it's time.

Millennials right now are still young, many barely just starting their careers. This means two things. First, there is a lot of debt to manage. You have a new house, a new car, potentially a new baby. These are all parts of your life that cost money. You also probably still have student debts. In fact, millennials have an income-to-debt ratio of 216% — 2.7 times what their baby boomer parents had at their age.

Now those baby boomers are retiring, and millennials are thinking they'll never be able to. But it's not true. In fact, with this one trick you could even retire at the ripe old age of 50.

How much?

First of all, millennials need to figure out how much they'll need to retire. Let's say you want to continue making your average salary today. That's about $44,000 for most millennial Canadians. If you then live another 30 years, that's a grand total of $1.32 million you'll need to retire.

Then, let's again say you're 30 years old at this time. That means you have just 20 years to make over a million dollars. It's certainly not impossible, but will take a strong investment. And there aren't many stocks stronger than a Canadian bank stock like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

I like TD Bank because it's tied for first as the largest bank by market capitalization in Canada. It expanded into the United States, where it's now one of the top 10 banks in the country. But why I really love TD Bank is because it has much more room to grow. The bank is only in the northeastern part of the U.S., so it still could expand a lot further before slowing down. It's also expanded into the wealth and commercial management sectors — a highly lucrative industry.

Beyond the expansion, the company has had decades of solid growth. In the last decade, its had a compound annual growth rate (CAGR) of 9.2%. In the last five years, it's seen a return of 45.52%. That some strong, solid growth for investors to look forward to.

The payments

Now, you might be thinking that you'll have to make a huge investment if you're going to bring in over a million dollars. You could, or you could make automated payments. These payments would take a percentage of your paycheque each month and put it towards TD Bank stock. You could then reinvest the 5.06% dividend yield in the stock to make your bottom line even larger.

So, let's say you put 10% of your monthly paycheque into TD Bank. That's $366 you put aside each month. If you do that for the next 20 years, you'll have a grand total of $1.74 million! All you have to do is make sure you keep reinvesting those dividends and putting aside that cash. And you don't have to take it all out at once! Keep those returns coming once you retire in style at the incredibly young age of 50.

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