



3 Stocks That Could Set You Up With Generational Wealth

Description

Nobody can plan everything for the future, but there are steps you can take to ensure that your future is as secure as it can be. Financial strength is a major part of that planning, and that planning doesn't end with you.

If you make sound financial decisions and grow your wealth to adequate proportions, it won't only allow you to sustain the lifestyle that you wanted and help you with a comfortable retirement. It will also allow you to leave something for the next generation.

This kind of long-term planning is a bit tricky. If you rely upon assets like bonds or gold, the price appreciation would barely keep you stay ahead of inflation, let alone build wealth. On the other hand, real estate might be too expensive to add to your portfolio. But even with their relatively volatile nature, stocks can be a great way to build enough wealth for generations to come.

There are three stocks that might be able to help you with that.

A telecom aristocrat

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is one of the three major [telecom companies](#) that control nearly 90% of the total telecom business in the country. The company was founded in 1983 and had been increasing its dividends for 11 consecutive years. The company has a strong balance sheet, adequate infrastructure in place and is also well poised for the 5G penetration.

It's the largest telecom company by market cap and has diversified into media and tech retail as well. The company is currently offering a ten-year compound annual growth rate (CAGR) of 10.39% and a very juicy dividend yield of 5.9%.

If you invest \$10,000 in the company and put it in your TFSA (it can be transferred to your spouse) and the company can maintain a 10.3% growth each year, you might grow your nest egg to about half a million in 40 years.

The banking king

Canada has one of the most stable banking sectors in the world, and the leading bank (which is also the second-largest security on the **TSX** right now) is a very smart choice for building generational wealth.

The **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is one of the few institutions in the country that can be considered too big to fail. Thankfully, that blue-chip position doesn't come with stagnant growth.

It comes with a decent 4% yield and a 10-year CAGR of almost 11%. This is a realistic enough growth to maintain. The bank has been around for more than 150 years. It has seen recessions and market crashes aplenty and showed decent recovery potential during the great recession and the 2020 crash as well.

An asset management giant

Brookfield Asset Management ([TSX:BAM.A](#))([NYSE:BAM](#)) is one of the largest [asset management companies](#) in trading on the **TSX**. It has 2,000 assets under management, worth over US\$575 billion. The assets are located in 30 countries. More than two-thirds of its assets are concentrated in North America. It has a wide variety of assets in its portfolio, including power, hospitality and healthcare industries.

The company pays dividends, but its yield isn't compelling enough. However, it's a decent growth stock with a 10-year compound annual growth rate (CAGR) of 16.7%. That's enough to grow a \$10,000 seed into a gigantic \$1 million tree in three decades if it keeps growing at the same pace. Its global presence and a diversified portfolio might allow this company to be strong and growing for several decades.

Foolish takeaway

Investment is a long-term game. If you play it right and stay in the game for a long time, you and your next generations will eventually win. Diversification and risk management are important, but what's even more important is the time you can give your investments to grow.

If you plant the investment seeds in the right ground (right company) now, your next generations might eat the orchard's fruits.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:BN (Brookfield Corporation)

3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
5. TSX:BN (Brookfield)
6. TSX:RY (Royal Bank of Canada)

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