



Forget Bitcoin: Here's How to Turn \$30,000 Into \$990,000 for Retirement

Description

Bitcoin is on a roll, and investors continue to drive the price of the cryptocurrency to new highs amid lofty price predictions for 2021. Buying at these levels, however, comes with significant risks, and it might be better to search for other opportunities today.

Bitcoin price bubble?

At the time of writing, Bitcoin's price is US\$26,750. That's up from US\$10,500 at the start of October. The parabolic surge is eerily similar to the one we saw in late 2017, when Bitcoin rallied from US\$4,400 in early October to a December high above US\$19,000.

Investors who bought near the 2017 peak took a beating in 2018. In fact, Bitcoin saw its price fall back to US\$4,000 12 months later.

Current [Bitcoin price predictions](#) suggest the rally could go even higher in 2021, possibly to US\$50,000. We heard these same lofty predictions for Bitcoin in recent years. There is no guarantee another Bitcoin crash of the same magnitude of 2018 is on the way in 2021, but the current euphoria appears overdone and investors might want to book profits.

Why?

Central banks are considering their own digital currencies, and tech giants are also getting into the game. These could be serious Bitcoin threats in the next couple of years. Tighter regulation is likely on the way and governments could end the party quickly.

As such, Bitcoin remains a speculative trade with meaningful downside risk. Investors with buy-and-hold strategies should consider other opportunities heading into 2021.

Top stocks to buy instead of Bitcoin

Stocks that pay growing dividends tend to perform well over the long run. In fact, investors who take the dividends and use them to buy new shares can turn small initial investments into massive portfolios over time.

Let's take a look at **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) to see why they might be interesting picks.

Royal Bank

Royal Bank is Canada's largest financial institution with a market capitalization close to \$150 billion. The bank is also among the top 15 globally on that metric and is one of the most profitable. Despite the COVID challenges, Royal Bank generated net income \$3.25 billion in fiscal Q4 and had a return of equity of 16%.

Royal Bank continues to invest in digital capabilities to ensure it remains competitive in the rapidly changing financial sector.

Long-term investors have done well with the stock. A \$10,000 investment in Royal Bank 25 years ago would be worth \$320,000 today with the dividends reinvested.

Fortis

Fortis is a utility company with more than \$50 billion in assets located in Canada, the United States, and the Caribbean. The company gets most of its revenue from regulated businesses. This means cash flow tends to be reliable and predictable.

Fortis raised the dividend in each of the past 47 years and plans to hike the payout by an average annual rate of 6% through 2025. That's great guidance during uncertain times.

A \$10,000 investment in Fortis 25 years ago would be worth \$200,000 today with the dividend reinvested.

CN

CN is the only rail operator in North America with lines connecting ports on three coasts. The company moves \$250 billion worth of cargo each year and is a key component of the smooth operation of the Canadian and U.S. economies.

CN generates significant free cash flow and has one of the best dividend-growth track records on the **TSX Index**. The payouts are made in addition to the cash used for capital projects. CN spent nearly \$4 billion last year on new locomotives, rail cars, and network upgrades to ensure it keeps up with demand and runs efficiently.

An investor who purchased \$10,000 worth of CN stock when it went public 24 years ago would have \$470,000 today with the dividends reinvested.

The bottom line on Bitcoin

Bitcoin predictions for a higher price in 2021 could turn out to be correct. However, given the risks in the cryptocurrency market, it might be best to go with proven winners for a retirement portfolio. When you add it all up, the \$30,000 investment spread equally across Royal Bank, Fortis, and CN would be worth \$990,000 right now!

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TICKERS GLOBAL

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

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Author

aswalker

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