



1 TSX Stock That Could Help You Retire Wealthy

Description

Retiring rich is [the dream of many](#). However, it means nothing if you keep visualizing but not going beyond dreaming. Most people learn the ways to prosperity yet will not put them into action. The financial freedom you seek in retirement isn't impossible.

The usual hindrance is the lack of commitment. Remember that intention without action bears no fruit. It's the reason many falls short in the quest to retire wealthy. Commitment is the bridge that will connect your dream with reality. You could never leave the fantasy world without it.

In Canada, the Canada Pension Plan (CPP) and Old Age Security (OAS) are the foundations in retirement. Would-be retirees must know the pensions will cover the basic needs in retirement and nothing more. It would be best if you had a [third pillar](#) to sustain yourself in the penultimate phase of your life.

If you have savings you won't need anytime soon, the largest bank in Canada can help you amass a fortune and secure your financial future.

Robust banking system

The 2008 financial crisis was a litmus test for modern banking systems worldwide. Banks in North America and Europe wobbled that many sought central bank interventions, if not bailouts. Since the beginning of the 19th century, Canada has aimed to set up a concentrated banking system.

A single, strong regulator was necessary to keep mortgage lending and investment banking activities in check. Because the system was not fragmented, Canada didn't experience a banking crisis in 2008.

The hallmark of the country's banking system is stability. Canada has a system of large financial institutions, the size of which enhances robustness in times of meltdowns. None of the banks reported failures in 2008 and 2009, like in the United States. If you look back in history, the recessions in the early 1980s and 1990s were less severe.

Canada's federal government holds the authority and power to regulate and charter banks. Its banking system has proven, time and again or for more than a century, that it's more stable than its American counterparts.

Dream investment

The **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the dream investment of long-term investors. First, this \$166.86 billion bank's dividend track record spans 150 years (since 1870). Second, the total return in the last 48.36 years is 5,090.18% (8.51% CAGR).

Third, the dividends are safe and sustainability, given the payout ratio that doesn't go beyond 60%. Current RBC shareholders enjoy a 13.57% year-to-date gain. If you were to invest today, the share price is \$117.59, while the dividend offer is 3.69%. Assuming your investment is \$200,000 and the yield remains constant, your money will be close to half a million (\$494,825.26) in 25 years.

Invest wisely

The Big Six banks in Canada increased their provision for credit losses (PCLs) to unprecedented levels in 2020 due to the global pandemic. However, all of them surpassed earnings estimates in Q1 fiscal 2021 (quarter ended January 31, 2021). RBC's loan portfolio and credit quality held steady.

All business segments, except for insurance, reported strong quarter-over-quarter net income growth. Overall, RBC's net income during the quarter rose 10% to \$3.8 billion versus Q1 fiscal 2020. The bank's clawback or recovery from PCL was \$97 million. Invest your money wisely. Make Royal Bank of Canada your anchor stock to accumulate the riches before you retire.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. TSX:RY (Royal Bank of Canada)

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