Want to Retire Faster? These 2 Stocks Could Get You There

Description

Retiring earlier than usual is what most people dream of when the daily grind takes its toll. The earliest age Canadians with minimal or zero savings can retire is age 60, when the Canada Pension Plan (CPP) becomes available.

According to the National Institute on Aging, only 1% of CPP users defer payments until 70. Others will not take the early option, because the pension amount reduces permanently by 36% if you start payments five years before 65. Thus, the traditional retirement begins at 65.

If 60 or 65 is too long a wait, save consistently and invest to speed up your retirement date. You only need two dividend stocks, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), to get you there.

Top brand

Investors don't need convincing to pick RBC as their anchor stock. Canada's banking sector is the bedrock of stability, and you'd be investing in the country's largest lender. The $186.15 billion bank is not only a top brand; it dominates in every business it operates.

In the nine months ended July 31, 2021, RBC's net income ballooned to $12.1 billion. The increase is 48% compared to the same period in fiscal 2020. More importantly, its capital position remains robust, and its 13.6% Common Equity Tier 1 (CET1) ratio supports strong client-driven volume growth, says management.

Because of lower provision for credit losses, net income of the Personal & Commercial Banking segment in Q3 fiscal 2021 increased 55% year over year. Other businesses like Wealth Management (+31%), Capital Markets (+19%), Investor & Treasury Services (+16%), and Insurance (+8%) all reported net income growth.

Would-be investors can expect earnings upside when loan growth resumes in the recovery phase. The big bank stock trades at $130.66 per share and pays a 3.31% dividend. Based on analysts' forecasts, it should drive the share price higher by 9.78% to $142.58 in the next 12 months.

Monthly income stock

Most income investors will choose Pembina Pipeline over others in the energy sector. The $22.59 billion energy infrastructure company is one of the select few on the TSX that pays monthly dividends. But more than the frequency of payouts, the dividend yield is a high of 5.92%.

An investment of $50,000 in Pembina will produce $246.67 in monthly passive income. In a 20-year investment window, the money will grow 315.9% to $157,953.57. Canadians in their 30s have better chances for early retirement, although middle-aged folks can still catch up to boost their retirement savings.

TSX's energy sector is the top performer in 2021. Pembina shares, for example, tanked to $14.69 on March 18, 2021, but the company did not cut or stop dividends. The share price of 189.9% higher than its COVID low, while the year-to-date gain is 49.45%.

Pembina is one of the premiere mid-stream companies and a Dividend Aristocrat. The company has growth projects in the pipeline through strategic partnerships. Its most prominent collaboration is with **TC Energy**. The two pipeline operators plan to develop the massive Alberta Carbon Grid Project.

Not a long shot

All prospective retirees must have a saving and investing plan in place. However, retiring sooner rather than later isn't a long shot with the right investment choices, particularly Dividend Aristocrats.

CATEGORY

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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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