



Millennials: Live Like a Retiree Right Now!

Description

It's a statistic millennial Canadians have likely seen again and again. We're great at saving, with the average having about \$25,000 in savings. That's great! But we've also likely seen that millennials aren't so great at investing. This is more of a problem than many millennial Motley Fool readers realize.

The problem

Statistics Canada recently stated that those millennials reaching 31 by 2019 had average disposable income of \$80,200. This is much higher than older generations by over \$10,000 or more in inflation-adjusted terms. But the problem is, it's almost entirely dependent on wages and salaries.

This became a huge problem during the pandemic, putting millennials at great economic risk. Reassessments have meant that real estate values increased, and there was a huge impact on employment. Suddenly, if millennials weren't investing, they may not be making money due to layoffs.

So, millennials should see living like a retiree right now as a necessity. You never know what's going to happen. This can mean you want to be frugal and have savings, but if those savings aren't doing anything, there's no benefit. It all comes down to investing.

The solution

While millennials continue to collect savings, it's not like they're rich by any means. As I said, with real estate climbing, many won't see homeownership anytime soon. That means investing in real estate also seems far off. Instead, it's better to find cheaper solutions. That would include through stock investments.

But before you go buying a meme stock, it's important to note that you don't have to make risky investments to see cash soon. Dividend stocks are arguably far better, as you get consistent income for potentially decades. That's cash every single quarter and sometimes every month.

If you put that cash in a Tax-Free Savings Account (TFSA), you can take it out any time you want! You can save for retirement, a home, a child, or a vacation! Meanwhile, millennials can use their passive income to either reinvest or live like a stable retiree.

Let me provide you with an example.

Top dividend stock to consider

If millennials choose a solid dividend stock, then you can benefit for decades before you actually have to retire. Let's say you're a millennial making around \$60,000 per year. Of that, you can [afford](#) to put aside 10% each paycheck, or \$6,000 per year.

You then choose a solid dividend stock to invest in. You'll continue to invest each month but collect the dividends to spend on whatever you want in the meantime! At first, it won't seem like much. But years from now, let's see what happens.

Let's say you invest in **NorthWest Healthcare Property Units REIT** ([TSX:NWH.UN](#)). The healthcare REIT has seen significant growth in the last few years thanks to the pandemic providing stable income. It's also acquired further properties and REITs to continue its growth and solid dividend. As of writing, millennials can pick up the company with a dividend [yield](#) of 5.91%. And, best of all, it's cheap, with a share price of \$13.48, and a P/E ratio of 9.59.

If you invested \$6,000, you would bring in passive income of \$355 per year. That's about \$30 a month. Not bad. But let's say you do this every year for 20 years!

By the time 20 years is up, if millennials don't reinvest that income, you'll get \$6,988 in annual dividends! That's \$582 per month! Furthermore, you'll have collected \$69,989 in passive income from dividends and have a portfolio potentially worth \$302,577 by that point.

So, don't wait. Live like a retiree today and put your cash in dividend [stocks](#) like NorthWest Healthcare.

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