3 Growth Stocks to Accelerate Retirement Wealth Building

Description

The more you save, the better prepared you are likely to be for your retirement. While this is technically true, many people are unable to put as much money away as they would have wanted, thanks to the rapidly rising cost of living, which ironically triggers them to save more for retirement.

So, if you can't *save* more, you should look into growing whatever you have saved up at a faster pace. One way to do it is by investing in time-tested growth stocks.

A cargo stock

Cargojet (TSX:CJT) was one of the best growth stocks until October 2020. The stock has been going downhill since then and has already slipped over 30%. We can assume that this downward slid is canceling out the massive post-pandemic spike (about 180%) the stock experienced, and once the stock is where it would have been if it weren't for the pandemic, it might resume its former growth pace.

The valuation endorses this notion, since the stock is currently trading at a price-to-earnings multiple of 66, which is relatively low compared to its historical valuation. Despite the slump, the stock is offering a 10-year CAGR of 40%, a rate which, if the stock can sustain it, can do wonders for your portfolio. That is, *if* it can sustain this growth rate for just one more decade.

A real estate stock

Dividends are considered the "forte" of real estate stocks, and precious few companies in the sector are well known for robust growth. **FirstService** (TSX:FSV)(NASDAQ:FSV) is one of the most consistent growth stocks in the sector. It has picked up the pace after the pandemic, which might result in a correction in the right circumstances, but for now, the company is growing its valuation at a rapid yet steady rate.

It has returned over 300% to its investors in the last five years, and if it can repeat the feat for the next 10 years, you stand at a chance of growing your capital about six times within a decade. The company owes this growth to a strong business model, an impressive presence (mainly in the U.S.), and an established leader in outsourced property services.

A tech stock

Constellation Software (TSX:CSU) is one of the few growth stocks that can truly be classified as “time-tested.” And it’s ironic that it’s from the sector that’s better known for “fickle” securities. Constellation’s 10-year CAGR of 44% outshines most other growth stocks on the TSX, and so does the consistency of its growth.

From $20 per share in 2006 to over $2,170 per share now, the company has returned over 10,000% to its investors in less than two decades. This means that if you invested just $10,000 in Constellation about 15 years ago, you would likely be a millionaire by now. The potential the stock still promises, while nowhere near that past potential, is still quite powerful for a retirement portfolio.

Foolish takeaway

Investors need to understand when they are learning how to invest is that there is a vast difference between adding “expensive” growth and “risky” growth to your portfolio. All three growth stocks that we discussed are expensive, but the risk, especially if we consider it proportional to the growth they offer, is relatively low.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:FSV (FirstService Corporation)
2. TSX:CJT (Cargojet Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:FSV (FirstService Corporation)

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