3 Types of Retirement Stocks to Buy in Your 30s

Description

When you are in your 30s, investing for your retirement seems like the last thing you want to do. However, your 30s or even 20s are the best time to start investing in a financially healthy retirement. You have time to grow your funds, rectify any mistakes early on, and learn from your mistakes. You have more leverage and, consequently, more flexibility.

Type #1: Risky stocks

Most investors in their early years are working with relatively limited capital. They have more time than investors near their retirement, so they can afford to make risky investments, like the marijuana giant **Tilray** (TSX:TLRY)(NASDAQ:TLRY) is right now. The new Tilray was formed by absorbing Aphria, and the resulting company is one of the largest marijuana players in the world.

Tilray operates through six subsidiaries, four of which are region specific. They are an endorsement of the company's extensive range. While the company's primary focus is medical marijuana, it has a sizeable recreational front as well.

The stock is currently trading at an all-time low (hence the risk). The current price is over 95% down from its peak, and if there is even a marginal chance the company can reach that peak again, buying now can offer massive returns (over 20 times growth).

Type #2: Income-producing stocks

Dividend stocks like **Inovalis** (TSX:INO.UN) are another type of stock that young investors can keep in their portfolios. A stock like Inovalis, which has an entirely European portfolio and has managed to maintain its payouts, even through harsh financial times like during the pandemic, can be a powerful and potent holding.

Even though the stock offers minimal capital-appreciation potential (five-year CAGR is 11.7%), the high yield alone is reason enough to consider this stock (plus its capital-preservation potential). The stock is currently offering a mouthwatering yield of 8%, and, at this rate, it's going to pay you back the capital you invested in it (in full) in fewer than 13 years.

Type #3: Long-term holdings

While the dividend stocks like Inovalis should also be kept long-term for maximum return potential, there are certain stocks that investors in their 30s can just buy and forget about, like **Royal Bank of Canada** (TSX:RY)(NYSE:RY). If someone had invested $1,000 in this bank 25 years ago (when they were 35), they would have grown their capital to $14,000 without reinvesting dividends and about $24,500 by choosing the DRIP.

Let's assume that the bank only performs half as well in the next 25 years as it did in the last 25, and instead of 24.5 times growth, you get about 12 times the appreciation. You may still make a $120,000 nest egg by investing about $10,000 in the bank today. That's a sizeable enough sum for just one security, even if you take inflation into account.

Foolish takeaway

If you can't fill both your TFSA and RRSP to the max, maxing out TFSA first before investing whatever you have remaining in the RRSP might be a slightly better approach than splitting your savings evenly.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:TLRY (Tilray)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:INO.UN (Inovalis Real Estate Investment Trust)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TLRY (Aphria)

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Author
adamothman