3 Retirement Stocks to Buy in Your 20s

Description

Young people are always encouraged to start investing for their retirement "as early as possible," ideally in their 20s. But it might be challenging to choose the right stocks, especially the ones you can potentially hold till your retirement, which is over four decades away. You have to look beyond past performance and consider the business model and its potential relevance in the future.

Three stocks might fit the bill.

The second-oldest Dividend Aristocrat

Fortis (TSX:FTS)(NYSE:FTS) is a solid long-term holding for various reasons, including its status as the second oldest Dividend Aristocrat currently trading on the TSX. It has been growing its payouts for the last 48 years and might continue to do so for the next four decades as well. We can be reasonably sure about that because of its business — i.e., regulated utilities.

Its presence is just as impressive. Even though the bulk of its consumer base is in the U.S. and Canada, the company has a presence in eight other countries as well. It's also an infrastructure-heavy company, which adds to its tangible appeal.

From a capital-appreciation perspective, Fortis is a modest holding, but it can grow your capital by 100% in a bit over a decade. The current yield is 3.3%, but you can improve upon it by buying the dip and locking in a good yield whenever you can.

A collision repairs giant

Boyd Group Services (TSX:BYD) is a giant in its niche industry — collision repairs. The company owns the largest network of non-franchised collision repair centres (800 locations) in the continent under five different banners (brands). This is, unfortunately, an evergreen business, as the number of vehicles on the roads is only expected to increase in the future.

Its brands are well-known names in the industry, and since most of its revenues come from insurance companies rather than customers directly, there is adequate financial stability.

A solid business is not the only merit of this stock. In the last decade, Boyd has been a robust grower that's currently going through a brutal correction phase. It would still be the same great business when it bottoms out, albeit at a heavy discount, making it a compelling buy.

A P&C insurance giant

Intact Financial (TSX:IFC) is the P&C insurance giant in Canada and is gaining a lot of traction in this domain in the U.S., U.K., and Ireland. It operates through multiple brands, each with a good presence in its respective domain and geography.

This leadership role comes with strong financials and healthy revenues. It also comes with a stock that has been quite consistently growing for the last 12 years. The stock has risen by about 176% in the last 10 years alone. If it can replicate this fear for the next four decades, you might see a robust appreciation of at least 600%.

The 2.2% yield and the dividends, which the company has been growing for 17 consecutive years, are a bonus with this stock.

Foolish takeaway

There are a lot of beginner stocks that you might be able to hold for four decades, but their capital-appreciation potential or the overall return potential might not be worth holding them this long. The three stocks, however, are worthy long-term investments because they are reasonably safe with sustainable growth potential.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:BYD (Boyd Group Income Fund)
3. TSX:FTS (Fortis Inc.)
4. TSX:IFC (Intact Financial Corporation)

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