FIRE Sale: Why Now is the Time to Invest in these TSX Stocks

Description

If you're new to learning about financial investments, you may not be aware of the term FIRE. This acronym stands for Financial Independence, Retire Early. And it's a popular movement that often centres around economic downturns. Like the one we're currently experiencing with **TSX** stocks.

Does early retirement sound great, but a bit like a pipe dream? It doesn't have to be. By investing in the right TSX stocks, FIRE can be within your reach.

Consider the strategy

Before you start investing in TSX stocks, you'll have to come up with a strategy that makes sense for your household income. Let's say you make roughly $60,000 per year. Of that, you can afford to put aside 10% each pay cheque. That's $6,000 that you can invest each year, which also happens to be the usual additional contribution room each year for your Tax-Free Savings Account (TFSA).

When you start considering TSX stocks, you'll want to keep it simple. Look for strong, long-term holds that you can add to every year to keep the guesswork out of it. Honestly, I wouldn't bother looking at growth stocks. It's been proven time and again that a long-term strategy will earn you far more.

How much more? Let's look at some TSX stocks and then do the math.

TSX stocks to consider

If you want TSX stocks that are going to be around for decades, look for ones that have already been around for decades. But that's just the beginning. You'll want to find valuable stocks. These are blue-chip companies that have offered substantial growth in the past, and have a future growth plan in place. You'll also want to find stocks that typically offer dividends based on strong cash flow, along with valuable fundamentals.

That's why now is such a great time to buy. You can find many excellent companies trading in value territory. But if you’re new to investing, I would stick to the staples. These include the Big Six Banks, telecommunications companies, and real estate.

For these options, I would consider buying **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), **Telus** (TSX:T)(NYSE:TU) and **Brookfield Infrastructure Partners LP** (TSX:BIP.UN)(NYSE:BIP).

Each of these companies have decades of growth behind them, and trade in value territory. They offer dividends and a strong path to growth even through recessions. So let’s look at what you could make from these TSX stocks.

Doing the math

Let’s say you invest $2,000 in each of these TSX stocks each year for the next 30 years. If you’re 30 now, that would mean you’re aiming for retirement at 60, which is considered early. CIBC, Telus, and Brookfield offer a compound annual growth rate (CAGR) of 10.45%, 17.32%, and 14.16% respectively over the last 20 years. Further, they each deliver a dividend of 5.3%, 4.7%, and 3.69% respectively.

If we take the data on hand and plan for similar performances in the future, this is how it would shake out. You would be investing $2,000 in each of these TSX stocks each year for the next 30 years. You would also be reinvesting dividends. In that case, 30 years from now, you could have a portfolio worth a whopping $4.15 million!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TU (TELUS)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:T (TELUS)

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