



## 4 Stocks That Could Turn \$100,000 Into \$500,000 by the Time You Retire

### Description

Building [retirement wealth](#) takes time. Retirement planners usually advise people to save and invest while they're young. Time is crucial because the longer the investment window, the better.

While Canadians won't retire penniless because of the Canada Pension Plan (CPP) and Old Age Security (OAS), the combined pensions are only partial replacements of the average pre-retirement income. You still need an added financial cushion to enjoy quality of life in your sunset years.

However, saving cash and keeping it idle won't cut it. Future retirees need income-producing assets like dividend stocks to grow money faster, especially in a tax-sheltered ([RRSP](#)) or tax-advantaged account ([TFSA](#)). Socking away money and maximizing contribution limits each year will help to build a substantial nest egg.

### Financial plan

Assuming you have \$100,000 to invest and want \$500,000 when you retire, the return on your investment should be close to 6.75% per annum. Also, you're looking at a timeframe of 25 years. Note that stock investing is risky, and therefore, you shouldn't put all of your eggs in one basket.

Mitigate risks by diversifying and purchasing stocks from various sectors. The **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), **Freehold Royalties** ([TSX:FRU](#)), and **True North Commercial** ([TSX:TNT.UN](#)) can be pillars for your stock portfolio. The average dividend yield of the four dividend stocks is a juicy 6.69%.

### Big Bank

BNS is Canada's third-largest bank with a \$93.28 billion market capitalization. The Big Bank stock trades at \$78.02 per share and pays a 5.32% dividend. This yield is the highest in the banking sector. Apart from its 190-year dividend track record, it's a dividend aristocrat for raising its dividends for 11 consecutive years. BNS requires minimal evaluation because Canadian Big Banks are bedrocks of

stability.

## Diversified financial services

Like BNS, Manulife is a dividend aristocrat owing to eight straight years of dividend increases. The \$44.91 billion company is a well-known insurer globally. The current share price is \$23.43, while the dividend yield is a hefty 5.63%.

In Q1 2022, Manulife reported an income of \$3 billion which represented a 275% increase from Q1 2021. President and CEO, Roy Gori, said Manulife achieved solid results despite a challenging environment. He credits the company's diversified footprint, operational resilience, and proven digital capabilities for these results.

## Royalty company

Freehold Royalties isn't an oil producer but it benefits from the favourable commodity pricing environment. The \$2 billion oil and gas royalty company owns vast royalty lands in the U.S. and Canada, collecting revenues from operators or drillers of the lands.

Freehold has been a top performer this year and the fact that it receives royalties from other producers operating on its land makes it a lower-risk energy stock. At \$13.77 per share, the dividend offer is a juicy 6.69%.

## Solid tenant profile

True North owns and operates 46 commercial properties in urban and select strategic secondary markets across Canada. Long-term leases assure investors of sustainable dividend payouts. The competitive advantage of this \$1.19 billion real estate investment trust (REIT) is its tenant profile.

Besides credit-rated lessees, True North's anchor tenants include the federal government and four provincial governments. This REIT (\$6.76 per share) pays an ultra-high 8.85% dividend.

## Equal allocation

To meet your financial target of \$500,000 by retirement, allocate \$25,000 to each of these four stocks. These respective businesses are thriving today, but be prepared to change your holdings should they sour within the investment period.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FRU (Freehold Royalties Ltd.)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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