Retire Young: 2 Top TSX Stocks for Beginner Investors

Description

One of the first steps in planning for retirement is trying to determine your savings goal. However, it's unrealistic to predict exactly how much money you'll need to have saved if you've still got decades until you reach your golden years. But in order to save appropriately during your working years, it's a good idea to have at least a ballpark estimate of the number you're trying to save towards.

Once your savings goal has been set, the next major decision is the strategy of how you'll reach that target. Rather than focusing on how much you should be saving each month, I'd argue that it's much more important to nail down how you're saving — specifically, how your savings will be invested.

Investing in stocks to fund your retirement savings

As an example, let's assume that your savings goal for retirement is $1 million. In order to reach that savings goal, it would take 85 years of investing $500 a month if you were to put that money into a high-yield savings account earning interest of 1.5% annually.

Let's now look at an example of how quickly your savings could grow if you were to earn a higher return. At an annual return of 8%, it would take 35 years of investing $500 a month to grow into a nest egg of $1 million.

Now, how do you earn a return of 8% a year? It may be easier than you think. The Canadian stock market has a long track record of delivering gains in that range. There's also no shortage of individual **TSX** stocks that have long been outperforming an 8% annual return.

Here are two top TSX stocks that are perfect for anyone that's planning to be a long-term investor.

TSX stock #1: Brookfield Asset Management

If I had to pick just one TSX stock to build a long-term investment portfolio around, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) would be one of my top choices.

As a $100 billion global asset management firm, Brookfield Asset Management provides instant diversification to its shareholders. In addition, the company can provide a portfolio with a dependable stream of passive income through its dividend.

But, most importantly, this TSX stock has been a consistent growth driver ever since it went public. Over the last decade, shares are up a whopping 350%. That's good enough for a compound annual growth rate (CAGR) of more than 15%.

With shares down close to 15% from all-time highs as of writing, now would be a wise time for long-term investors to think about starting a position.

TSX stock #2: goeasy

At a market cap of just $2 billion, **goeasy** (TSX:GSY) is a much smaller company than Brookfield Asset Management. It's also been one of the best-kept secrets on the TSX in recent years.

Shares are up more than 300% over the past five years and nearing a 2,000% gain over the past decade. Those gains have translated into a CAGR of more than 30% over the past 10 years.

At that CAGR, it would take fewer than 15 years of saving $500 per month to reach $1 million.

I wouldn't bank on goeasy continuing to drive annual returns upwards of 30% over the next few decades. The company will eventually begin slowing down. That being said, I can't imagine this growth stock will begin lagging behind the market's 8% annual return anytime soon.

If you're looking to add some long-term growth to your investment portfolio, goeasy is an excellent choice.

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