
Got $1,000? Buy These 2 Stocks and Hold Until Retirement

### Description

We're experiencing high inflation and rising interest rates, which increase our living expenses and borrowing costs. It'd be smart to lower one's level of debt to reduce interest expenses. Particularly, focus on paying off high-interest debt like credit cards.



Additionally, in a world of inflation, a dollar today is worth less than a dollar yesterday. Therefore, if you've got an extra $1,000 you don't need, you should consider investing it for satisfactory returns — returns that will counter inflation and at least maintain your purchasing power.

According to *Statistics Canada*, the recent inflation in Canada based on the Consumer Price Index were the following:

- June: 8.1%
- July: 7.6%
- August: 7.0%

So, we may be in a period of disinflation, where the inflation rate is still positive but slowing down. The latest data of 7% inflation in August is still way too higher versus where our central bank, the Bank of Canada, wants it to be. The Bank of Canada would like inflation to be 1-3%.

Consequently, more interest rate hikes are expected to come, which could weigh on stocks, as lower-risk fixed-income securities will be better competitors for investors' money.

With the above in mind, you would want stocks that can deliver returns of at least 8%. This is also a good initial target for long-term returns. Remember that you can get this return through a mix of dividend and price appreciation. Here are a couple of stocks that can help you meet or beat inflation for the long haul!

## Savaria stock

As a designer, manufacturer, and distributor of accessibility products for use in home and public spaces, **Savaria** (TSX:SIS) knows the aging population market it serves very well. It's a global company that distributes to 40 countries around the world.

Marcel Bourassa, the president and chief executive officer of Savaria, noted that "the population of people aged 65 and over is growing faster than any other age group, and by 2030, it's expected that 1.4 billion people will be 60 or older." Therefore, Savaria should benefit from a growing aging population over the next decade or so.

The company is subject to merger and acquisition risk and foreign exchange risk. However, the stock has sold off, and its valuation has come down, which makes it more attractive for long-term growth. Specifically, the stock has declined about 38% from its 52-week high. The 12-month analyst consensus price target represents 58% near-term upside potential.

The industrial stock also boosted investors' confidence by raising its dividend by 3.8% this month. At about $14 per share, it offers a 3.7% dividend yield. The dividend hike isn't as eye popping as its 10-year dividend-growth rate of 16.9%, as management balances capital allocation for debt repayment and suitable investment opportunities.

Savaria could experience its next leg of growth over the next few years, as it targets revenue of over $1 billion by the end of 2025.

Another dividend stock that requires less conviction is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).



## BNS stock

The big bank stock provides stable income from its big dividend already. The dividend stock has sold off 25% from its 52-week high, which pushed its dividend yield to tempting levels of close to 5.9%. After locking in this safe yield of 5.9%, investors would only need a 2.1% price appreciation each year from the stock to achieve a total return of 8%.

In the last 10 years, BNS stock delivered price appreciation of 2.8% annually — and this was after the recent selloff. As the big bank was able to increase its earnings per share by more than 5% annually in the last decade, it's highly likely it can provide price appreciation of over 2.1% annually, going forward, driven by earnings growth.

## The Foolish investor takeaway

Savaria can provide much higher returns than 8% per year over the next few years, but its stock is also more volatile than BNS. In contrast, BNS stock is lower risk and should be a smoother ride for returns of at least 8% per year over the period.

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:SIS (Savaria Corporation)

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**Date**
2025/06/29
**Date Created**
2022/09/22
**Author**
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