3 Stocks to Turn Five-Digit Savings Into a Six-Digit Nest Egg

Description

Your retirement savings, whether in a Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP), need suitable growth agents to push them up to the desired size.

No matter how disciplined you are about them and how frugally you manage your expenses, savings alone might not be enough to get you the nest egg that can sustain you in the retirement years. You need investments, and even if you have a conservative risk tolerance, you can achieve adequate growth with the right stocks.

If you have enough time to grow your savings, at least three stocks for beginners and seasoned investors alike can help you turn a five-digit sum into a six-digit nest egg in two decades.

A bank stock

National Bank of Canada (TSX:NA), based in Quebec, does most of its business in the province of its origin. In 2021, over half of the revenue was generated from Quebec alone and one-third of the total revenue came from other regions in Canada.

Despite its regional focus, the bank has seen decent growth over the years, and its stock has followed suit. Based on the last 10-year growth, it's the best-growing bank stock in Canada.

It has risen over 132% in the last 10 years. If it keeps growing the same way in the next two decades, you may at least increase your capital invested in the bank by 2.5 times, so if you invest $20,000, you may have roughly $50,000 in two decades. It's safe, and the pace is highly sustainable.

And this growth doesn't take into account the dividends, which you can either cash out or reinvest through reinvestment plan, in which case your stake after two decades will be higher than the projected $50,000.

A real estate stock

Most Canadian real estate stocks are currently discounted. Even though the housing market is pulling the sector down, niche commercial real estate stocks like **StorageVault Canada** (TSX:SVI) are also falling. This excellent growth stock is available for a 20% discount from its recent peak.

The safety of this investment comes from its real estate focus: storage spaces. This is the only real estate asset class the company operates in, and it's a clear leader in this space.

In the last 10 years, the stock has grown a whopping 2,660% or, on average, about 260% a year. However, the growth has slowed down recently, but, even then, the stock has managed to grow over 150% in the last five years.

And if we use an annualized gain of 30% for the next two-decade projection, you may experience six-fold capital appreciation. With $20,000 in the capital, you may get a nest egg of about $120,000.

A consumer staples stock

Another safe growth stock you can invest in is **Metro** (TSX:MRU). The company has two business segments: food and pharmacies and several brands under each segment. It has a massive national footprint with over 1,600 food and pharmacy locations, mainly in Quebec and Ontario, but a few in other provinces.

Metro is also a Dividend Aristocrat currently offering a 1.5% yield. However, a much more impressive number is its returns in the past decade — over 260% through price appreciation alone. And if the stock continues to go up at this pace, you can grow your capital five times in the next two decades. That's $20,000 turning into $100,000.

Foolish takeaway

With one mid-cap and two large-cap stocks mentioned above, you can turn $60,000 in retirement savings into a $270,000 nest egg in two decades. That's 450% growth through safe investments, all three of which also pay dividends that you can use as an additional income stream or grow your holdings through reinvestment.

CATEGORY

1. Dividend Stocks
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1. TSX:MRU (Metro Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:SVI (StorageVault Canada Inc.)

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