3 Perfect Stocks for Retirees That Could Turn $5,000 Into $200,000 by 2050

Description

Whether you're about to enter your golden years or are still decades away, it's always a good idea to think about your savings.

Even those that are getting close to calling it quits from the working world could potentially still have decades of investing years in front of them. And for investors with years still until retirement, the magic of compound interest should be enough to persuade you to start saving early.

It can be hard to truly appreciate how much of an impact starting early and investing wisely can have when it comes to saving money.

The magic of compound interest

Let's look at a couple of examples of how patience can pay off for investors. If $5,000 were invested today, earning an average annual return of 8%, it would be worth roughly $8,000 by 2030. In another 10 years, that $5,000 would be worth more than $15,000 and close to $40,000 in 10 more years.

Now, let's instead see what happens if we keep the same time frames but earn a higher return, say 15%. An investment of $5,000 today would be worth $13,000 by 2030, over $50,000 by 2040, and over $200,000 by 2050. It doesn't take long for the gains to really accelerate.

I'll admit that it's easier said than done to earn an annual return of 15%. However, I've reviewed three Canadian stocks that collectively have more than achieved an average annual return of 15% over the past decade.

Descartes Systems

Descartes Systems (TSX:DSG) is an under-the-radar tech company that's proven to be a dependable winner for investors.

The tech stock is just about on par with the broader Canadian market's returns this year. In comparison, many of Descartes System's tech peers are trading at massive bargains after a disastrous past 12 months.

Shares have averaged a compound annual growth rate (CAGR) above 25% over the past decade.

goeasy

Speaking of under-the-radar companies, **goeasy** (TSX:GSY) has quietly been crushing the market's returns over the past decade.

The growth stock has averaged an incredible CAGR of more than 30% over the past 10 years.

The high-interest-rate environment has taken a temporary hit on the usually dependable company. Shares are down 30% in 2022 and close to 50% below all-time highs.

goeasy doesn't go on sale like this often. Investors with some cash to spare should have this top growth stock high up on their watch lists.

Northland Power

The last pick on my list is the slowest growing of the three. What **Northland Power** (TSX:NPI) lacks in growth, though, it makes up with passive income and dependability.

At today's stock price, the company's dividend yields above 3%. Once you factor in dividends, the stock's total CAGR has been above 10% over the past decade.

As a global energy producer specializing in green power projects, I'm not expecting demand to slow down for Northland Power anytime soon.

Its growth rate may not be able to keep up with the first two companies on this list, but there's plenty of reason to believe that it will continue to drive market-beating gains for decades to come.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DSG (The Descartes Systems Group Inc)
2. TSX:GSY (goeasy Ltd.)
3. TSX:NPI (Northland Power Inc.)

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1. Investing

Date
2025/07/21
Date Created
2022/11/28
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