



RRSP Investors – Invest \$50,000 Now for \$1.2 Million by 2053

Description

The market has so many great companies on sale for investors to consider. Alas, many investors continue to sit on their cash and let these opportunities pass them by.

Yet, as long as you have cash set aside for emergencies, then there shouldn't be anything keeping you from investing that money. As long as your plan is to leave it alone, which is exactly what your Registered Retirement Savings Plan (RRSP) is for.

With that in mind, let's say you have \$50,000 you want to invest in your RRSP today. Here's how you can turn it into significant returns by 2053, by simply reinvesting dividends.

First, choose some strong stocks

Before you invest, you of course need strong options. Whether you're looking now, or a decade from now, you want to choose companies that offer value. That means companies that have performed well and yet are trading below where they should be, considering their current financial standings.

Three stocks I would therefore recommend to RRSP investors are **TFI International** ([TSX:TFII](#)), **Teck Resources** ([TSX:TECK.B](#)), and **Royal Bank of Canada** ([TSX:RY](#)). Each has been around for decades, but also has a strong future ahead.

TFI stock is in the stable sector of transportation, and recently supercharged its balance sheet with the sale of assets for \$500 million. Teck Resources remains strong thanks to its mining of basic materials. Finally, Royal Bank stock remains the top of the [Big Six Banks](#) by market cap, leading the charge of the bunch.

What's more, each of these stocks is trading in value territory. TFI stock trades at 12.8 times earnings, Teck stock at 5.9 times earnings, and Royal Bank 11.6. They all, therefore, offer a dividend that's higher than usual, at 1.4%, 0.98% and 4.15%, respectively.

Divide and conquer

Now, of course, if *all* you have is \$50,000, I don't recommend this approach. But let's say you have \$50,000 you're willing to divide equally among these three dividend stocks. That means you're putting \$16,667 towards TFI, Teck, and Royal Bank.

You then reinvest your dividends over the years back into the three stocks. Your goal is to continue this until 2053, 30 years from now when you hope to retire. Here, we'll use the average growth for all three stocks, with a [compound](#) annual growth rate (CAGR) of 10%, and dividend CAGR of 7%.

Year	Principal	Annual Dividend	Yield	Yield on Cost	After DRIP Value	Principal Increase	New Balance
1	\$50,000.00	\$1,109.11	2.20%	2.22%	\$51,109.11	\$5,000.00	\$56,109.11
2	\$56,109.11	\$1,187.60	2.10%	2.38%	\$57,296.71	\$5,610.91	\$62,907.62
3	\$62,907.62	\$1,270.52	2.00%	2.54%	\$64,178.14	\$6,290.76	\$70,468.91
4	\$70,468.91	\$1,358.08	1.91%	2.72%	\$71,826.99	\$7,046.89	\$78,873.88
5	\$78,873.88	\$1,450.49	1.83%	2.90%	\$80,324.37	\$7,887.39	\$88,211.76
6	\$88,211.76	\$1,548.00	1.74%	3.10%	\$89,759.76	\$8,821.18	\$98,580.93
7	\$98,580.93	\$1,650.84	1.66%	3.30%	\$100,231.77	\$9,858.09	\$110,089.86
8	\$110,089.86	\$1,759.27	1.59%	3.52%	\$111,849.13	\$11,008.99	\$122,858.12
9	\$122,858.12	\$1,873.56	1.52%	3.75%	\$124,731.68	\$12,285.81	\$137,017.50
10	\$137,017.50	\$1,994.00	1.45%	3.99%	\$139,011.49	\$13,701.75	\$152,713.24
11	\$152,713.24	\$2,120.87	1.38%	4.24%	\$154,834.12	\$15,271.32	\$170,105.44
12	\$170,105.44	\$2,254.50	1.32%	4.51%	\$172,359.94	\$17,010.54	\$189,370.49
13	\$189,370.49	\$2,395.21	1.26%	4.79%	\$191,765.70	\$18,937.05	\$210,702.75
14	\$210,702.75	\$2,543.35	1.20%	5.09%	\$213,246.10	\$21,070.28	\$234,316.37
15	\$234,316.37	\$2,699.26	1.15%	5.40%	\$237,015.64	\$23,431.64	\$260,447.27
16	\$260,447.27	\$2,863.35	1.09%	5.73%	\$263,310.62	\$26,044.73	\$289,355.35
17	\$289,355.35	\$3,036.00	1.05%	6.07%	\$292,391.35	\$28,935.54	\$321,326.89
18	\$321,326.89	\$3,217.63	1.00%	6.44%	\$324,544.52	\$32,132.69	\$356,677.21
19	\$356,677.21	\$3,408.69	0.95%	6.82%	\$360,085.90	\$35,667.72	\$395,753.62
20	\$395,753.62	\$3,609.64	0.91%	7.22%	\$399,363.25	\$39,575.36	\$438,938.62
21	\$438,938.62	\$3,820.95	0.87%	7.64%	\$442,759.57	\$43,893.86	\$486,653.43
22	\$486,653.43	\$4,043.15	0.83%	8.09%	\$490,696.58	\$48,665.34	\$539,361.92
23	\$539,361.92	\$4,276.77	0.79%	8.55%	\$543,638.69	\$53,936.19	\$597,574.89
24	\$597,574.89	\$4,522.37	0.75%	9.04%	\$602,097.26	\$59,757.49	\$661,854.74
25	\$661,854.74	\$4,780.54	0.72%	9.56%	\$666,635.29	\$66,185.47	\$732,820.76
26	\$732,820.76	\$5,051.91	0.69%	10.10%	\$737,872.67	\$73,282.08	\$811,154.74

Year	Principal	Annual Dividend	Yield	Yield on Cost	After DRIP Value	Principal Increase	New Balance
27	\$811,154.74	\$5,337.12	0.66%	10.67%	\$816,491.87	\$81,115.47	\$897,607.34
28	\$897,607.34	\$5,636.87	0.63%	11.27%	\$903,244.21	\$89,760.73	\$993,004.94
29	\$993,004.94	\$5,951.87	0.60%	11.90%	\$998,956.81	\$99,300.49	\$1,098,257.30
30	\$1,098,257.30	\$6,282.87	0.57%	12.57%	\$1,104,540.17	\$109,825.73	\$1,214,365.90

And as you can see, by the end of 30 years you would end up with a portfolio of \$1.2 million. Further, you would bring in annual dividends of about \$6,283! All by just making one investment, and reinvesting year after year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RY (Royal Bank of Canada)
2. TSX:TECK.B (Teck Resources Limited)
3. TSX:TFII (TFI International)

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Author

alegatewolfe

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