1 Simple Strategy That Will Let Any Millennial Retire a Millionaire

Description

Millennials are projected to be the first generation that does worse then their parents financially. They have the highest unemployment rate of any group, the highest debt level, and the lowest savings percentage. The reasons are both a mixture of both macroeconomic factors and simple financial mistakes that most younger people make. Millennials cannot control the systemic issues that they were born into, but if they understand their own financial pitfalls, they can create wealth, even in challenging times.

Investing later in life

The average millennial has many financial obligations that stretch their paychecks in different directions. One of the biggest mistakes young people make is waiting till later in life to start investing in the markets.

Millennials have a misconception that they must be in a great financial position before they start investing or that they need large sums of capital. However, time is the greatest asset that a millennial has. The effects of compounding rates of return are significantly more prominent the younger an investor starts.

Caught up in trends

In a world where everyone has access to knowledge at the touch of a button, it is hard to know what to invest in. Finding the right places to access relevant information to creating wealth is a challenging task.

Unfortunately, millennials new to investing usually only access the highest-trending investment news articles on their different media feeds for information. This, regrettably, leads to portfolios that are overconcentrated in popular investment industries, such as cannabis, cryptocurrencies, and tech start-ups. The companies in these industries are new, and their futures are still uncertain.

How to avoid these pitfalls

Millennials must start investing as soon as possible, even if it is a small amount each month. A 20-year-old millennial putting away $200 a month with an 8% rate of return will retire with $1,061,940.70 at 65. To quote the great Warren Buffett: “Do not save what is left after spending; instead, spend what is left after saving.”

In addition, to form their core portfolio, millennials must use established stocks that will not only be around in 30-40 years when they retire but also have a strong return potential to grow their nest egg. This will allow young investors to maximize their greatest asset, which is their time, and avoid banking their entire financial futures on unproven industries and companies.

Let’s look at why Millennials want **Suncor Energy** (TSX:SU)(NYSE:SU) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) to form their core portfolios.

Suncor Energy

Suncor is industry leader in the energy market with vertical integration of their supply chain. It is a $62 billion company that . It does exploration, production, refining, transportation and marketing of crude oil and natural gas. This has allowed SU to maintain margins, even with the crash of oil prices in 2015 because of their lower input costs.

In addition, SU has paid dividends for the past 15 years consecutively, meaning that a millennial will always be generating income in their portfolio. Even with all that, the company is not resting on its past successes and continues to put resources into expanding into new business lines, such as renewal energy. With the addition of these new assets, Suncor is well positioned to be an energy leader of the future.

This not only is a company that millennials can expect to be around by they time they retire but will also add strong rates of return their portfolio.

Restaurant Brands International

Restaurant Brands International is a Canadian multinational fast-food holding company whose portfolio includes huge brand names such as Tim Hortons, Burger King, and, more recently, Popeyes Louisiana Kitchen. The brand recognition and diversification of these three fast-food giants gives QSR a huge competitive advantage and is strong barrier to entry for competitors.

Tim Hortons alone commands 62% of the market share for coffee in Canada and 76% of the baked goods market. In addition, Popeyes is expanding aggressively with new restaurants, meaning QSR’s stock price only has potential to grow. Burger King also continues to take market share from **McDonald’s** through new product developments, like its popular Big King Burger and upping the quality of its coffee to compete with the McCafé brand.

QSR has had an impressive five-year rate of return of 66% going from a price of $38.32 early in 2015 to where it is now at $63.89. These fast-food restaurants are not only well-established brand names with strong stable revenues, but they also have long-term plans to grow their market share in the Canadian landscape.

Focus on the right things

Millennials should not worry about macroeconomic factors that are stacked against them, as they can not control them. They should instead focus on all the little steps they can do to reduce spending and save a little each month as soon as they can. The power of time could grow a portfolio exponentially, even with a very small amount of capital to start. With strong stocks like Suncor and Restaurant Brands International forming a core portfolio, millennials can cross financial worry off their list.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

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