Millennials: 3 Easy Ways You Can Start Getting Rich Today

Description

I don’t think I know many people who can honestly say they don’t want to be wealthy one day.

Even if someone isn’t particularly motivated by financial things, there are still plenty of reasons to work towards becoming rich. Not worrying about money can free your mind for more productive things. Wealthy folks never have to worry about the financial aspect of things like medical emergencies. Mostly, money buys flexibility.

But many people don’t have any idea how to get started. The world of business and finance might as well be a foreign language to them. Fortunately, it isn’t that hard. Even regular millennials can conquer the world of finance with a little hard work, a lot of patience, and by following these three tips.

Contribute to your TFSA

The tax-free savings account (TFSA) is perhaps the most powerful wealth-building tool the average millennial has at their disposal.

Starting in 2009, everyone over the age of 18 in Canada became eligible to contribute $5,000 per year into a TFSA, an account that lets everything inside of it compound tax free. Money can also be withdrawn from the TFSA without paying any taxes on it. The combination of tax-free growth and the flexibility make TFSAs extremely attractive for the average millennial.

In 2013 the federal government upped the contribution limit to $5,500 annually, and then the feds upped it again with the 2015 budget to $10,000 per year. Cumulatively, that means someone who was 18 in 2009 will have $41,000 in TFSA contribution room.

Say you just catch up now and invest that $41,000 at 8% over the next three decades. Because there are no taxes to worry about, you’d be sitting on more than $410,000, which is a pretty good start to a retirement nest egg.

It gets even better. Say you managed to tuck away $10,000 per year for those three decades. That additional contribution, plus the original $41,000, compounding at 8% annually would give you more than $1.6 million.

Saving $10,000 per year isn’t easy. But there are some serious rewards for those who manage to accomplish it.

Take work’s RRSP match

TFSAs are a great tool for building wealth, but most folks shouldn’t ignore RRSPs and their tax-deferral advantages.

Perhaps the biggest advantage to most people’s RRSP is the match given to them by their employer.

Often, employers will match an employee's RRSP contribution dollar for dollar, up until a certain amount, anywhere from 1% to 5% of their salary.

Say an employee making $50,000 per year gets a 2% RRSP match. That means that the employer is contributing $1,000 per year to the employee's retirement fund for them. Essentially, this $1,000 per year is free money–it just can't be used for a while.

I'm certain you'd bend over to pick up $1,000 you found on the street. So, why wouldn't you do the same with work's RRSP match?

Invest in solid stocks

It's hard to go wrong with investing in some of Canada's finest blue-chip stocks.

Take **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) as an example. Rogers owns Canada's largest and best wireless network, some of our leading media properties, and it has millions of cable, Internet, and home phone customers. Oh, and it also owns the Toronto Blue Jays, and a portion of the Toronto Maple Leafs, Raptors, and the Toronto FC soccer team.

Those are the kinds of assets you want to own over the long term. And the company is also trading at a fairly reasonable 18 times earnings while paying a 4.2% dividend.

Another solid pick is **Bank of Montreal** (TSX:BMO)(NYSE:BMO), one of Canada's larger banks. It has a great retail presence in Canada, as well as more than 600 branches in the United States. BMO also has robust capital markets and wealth management divisions.

Investors are getting the eighth largest bank in North America for just 11.8 times earnings. Combine that with the company's attractive 4.5% yield and nearly two centuries of consistent dividends, and it's easy to see how BMO can be a great long-term addition to any portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:RCI.B (Rogers Communications Inc.)

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date
2025/07/08

Date Created
2015/08/10
Author
nelsonpsmith