



## How to Reach the \$2 Million Mark in Your RSP

### Description

The good news is that it is possible for almost any young investor who starts early and makes regular savings a good habit to reach \$1 million in their Retirement Savings Plan (RSP).

A 30-year-old wishing to attain \$1 million by the age of 65 must make annual contributions of \$3,689 and a 10% return to accomplish the feat. For more conservative investors wishing to break the barrier, an 8% return translates to annual contributions of \$5,803. Clearly, 2% can make a world of difference. For more aggressive and successful investors, achieving an annual return of 12% will need annual contributions of only \$2,317.

Although the idea of \$1 million is exciting for most 30-year-olds, the reality is that the \$1 million mark may not be as valuable in 30 years as it is today. Inflation is very real, and money under the mattress is money that could be much more wisely saved.

If we look at the more daunting road a 30-year-old must travel to achieve the \$2 million mark, a 10% return is the bare minimum, while annual contributions must be \$7,380. Over the 35-year time frame, compounding becomes increasingly important. Assuming a 12% rate of return, the annual contributions go down to a much more reasonable \$4,633 per year.

The question investors must ask themselves is, “Where do I find the companies that can return 10% or more compounded annually?”

Finding one company that will deliver on such a high expectation may be a little difficult, but investors need not worry; the option to sell out of one security and purchase another is always available.

Currently, one name investors can reasonably expect to deliver on the 10% per year compounded annually for at least the next several years is **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)). The company, which distributes electricity, has had a five-year price return in excess of 95%. This alone translates to a compounded return of 18% with a dividend on top of the 18% price appreciation.

Currently, Algonquin’s dividend is nothing short of 5% and has been consistently north of 4% over the

past five years with potential to increase further in the coming years. Over the past few months, the dividend was increased to reflect the availability of additional cash flows due to a recent acquisition; the company which was taken over by Algonquin had a lower payout ratio, and now investors will reap these rewards.

Considering the number of investments that are available to younger and older investors, we discover just how many people will pass up a great gem like this!

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Yahoo CA

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/08/24

## **Date Created**

2017/02/28

## **Author**

ryangoldsman

default watermark

default watermark