



## Follow These 2 Simple Secrets to Get Seriously Rich

### Description

I think it's safe to say we'd all like to become wealthy. What fun is going through life broke?

Think about all the advantages rich folks have. They can vacation to the world's best spots without stressing about cost. Out-of-pocket healthcare expenses aren't an issue, either. These folks live in bigger houses, drive nicer cars, and eat better food. And money has a way of making many other problems go away, too.

Who wouldn't want all that?

The problem is, average folks look at their normal job and middle-class income and deem such a life impossible. They just can't afford to get ahead, so they stop trying.

This is the wrong attitude to have. Just about anyone can start building serious wealth. It's really not that hard. Follow these two secrets and you'll eventually get there, too.

### Save early and often

The math is clear. The higher your savings rate, the richer you'll end up.

Say between you and your spouse you bring home \$80,000 each year, after taxes. That puts you right around the typical Canadian middle-class family.

At this point, you have two choices. You can spend the vast majority of that income on expenses, or you can choose to live a much cheaper life and bank the rest.

Say you find a way to live on \$30,000 each year, which isn't really that hard if you live in a city or town with reasonable real estate. That \$50,000 in annual savings will make you seriously rich in just a decade or two.

\$50,000 each year invested at just a 5% return compounds into nearly \$2 million over just 20 years.

I can already hear the objections. Nobody can live on \$30,000 annually if they reside in a major city. And what fun is that kind of restrictive life, anyway?

It's up to you to determine just how much you'll sacrifice to get ahead. Just remember, keeping your costs down is entirely under your control. Increasing your income could prove to be much tougher.

## Pick great investments

Once you've maintained an excellent savings rate, the only thing left to do is invest that money in an intelligent manner. I suggest pouring it into some of Canada's finest blue-chip stocks.

There's no guarantee these stocks will continue to go up, of course, but there's a reason why they've become the cream of the crop. These companies have massive competitive advantages. Sometimes they even dominate a whole sector.

Take **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), Canada's largest utility. After successfully expanding into the United States, Fortis has more than three million electric and natural gas customers across North America, with operations also in the Caribbean. The company also owns hydroelectric power plants and other energy infrastructure.

There are definitely sexier investments than the local utility, but few have the kind of long-term stability offered by Fortis. The company has hiked its dividend each year since 1972 and currently offers investors a 3.8% payout. The stock has also delivered plenty of capital gains over the years. A \$10,000 investment made in March 1999 would be worth a little more than \$110,000 today, assuming reinvested dividends. That's a total return of 12.8% annually.

**Telus** ([TSX:T](#))([NYSE:TU](#)) is another example of a fantastic blue-chip stock. Telus is one of Canada's largest telecoms, boasting approximately nine million wireless subscribers and four million television, internet, and home phone customers.

The wireless business is the true gem of this company. Imagine living in a world without unlimited access to wireless data. Heck, many of you are reading this article on your phone. It isn't hard to figure out investing in this trend will produce good returns.

Like Fortis, Telus has quietly been a pretty solid investment over the long term. Including reinvested dividends, Telus has grown investor wealth by 8.6% annually over the last 20 years, and that's after shares fell pretty sharply between 2000 and 2002. If we look at a 15-year return, Telus shares give us a sparkling return of 13.4% annually, again including reinvested dividends.

Even at an 8.6% long-term return, an investment in Telus is easily enough to make someone rich. A \$10,000 investment made back in 1999 would be worth a little more than \$51,400 today.

## CATEGORY

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