



Couples in Your 30s: Build a \$1,000,000 TFSA by 50

Description

Young couples: you have many advantages. You have a lot of opportunities to grow wealth, starting at a young age. You not only have the power of time to contribute money and grow their account, but you can save a whole bunch by splitting costs with your significant other.

By your 30s, you have completed your education and should be hitting your strides in your respective careers. With your combined incomes, you should be able to save a decent chunk of it for your retirement.

You also have the benefits of the fantastic TFSA, where you can get tax-free returns every year.

How to become a TFSA millionaire

Here's an example of a couple in their 30s and how you can hit \$1,000,000 by the time you're 50. For the assumptions here, I've maxed out the starting contribution level at \$127,000, which is the combination of \$63,500 for each partner. I've also assumed you will continue to contribute \$6,000 each, or \$12,000 total, for the next 20 years. The rate of return assumed was 7%.

Year	Contributed	Ending Amount (7% Return)
1	\$12,000	\$136,209
2	\$12,000	\$158,955
3	\$12,000	\$183,350
4	\$12,000	\$209,515
5	\$12,000	\$237,577
6	\$12,000	\$267,673
7	\$12,000	\$299,952
8	\$12,000	\$334,571

9	\$12,000	\$371,700
10	\$12,000	\$411,521
11	\$12,000	\$454,230
12	\$12,000	\$500,035
13	\$12,000	\$549,162
14	\$12,000	\$601,851
15	\$12,000	\$658,360
16	\$12,000	\$718,967
17	\$12,000	\$783,968
18	\$12,000	\$853,682
19	\$12,000	\$928,451
20	\$12,000	\$1,008,642

As you can see, at a 7% rate of return, if you start at the age of 30, by the time you're 50, you will have reached just over \$1,000,000. Some factors could increase your chances further, such as if the government decides to increase the limits for your TFSA. Then you could realistically reach the goal of \$1,000,000 in your 40s.

A 7% return is very reasonable. Many stocks have returned this rate consistently. Let's take a look at one of the best ones.

Bank on good returns

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the largest Canadian bank on the TSX with a market capitalization of \$143 billion. The company boasts \$5 trillion of assets under administration and over \$700 million of assets under management. These figures lead all Canadian banks.

RBC recently reported Q3 2019 fiscal earnings. The company boasted revenues of \$11.54 billion — an increase from the prior year of \$11.02 billion. From the revenue, RBC produced \$3.3 billion of net income, up from \$3.1 billion of prior-year revenues. The dividend yield is currently a healthy 4.2%, with a reasonable P/E ratio of 11.34. The company's return on earnings is excellent at 16.7% per year. All numbers are trending in the right direction.

Over the last 20 years with dividends reinvested, the company has returned on average 13.43%, well above the 7% needed to become a TFSA millionaire. However, it is difficult to maintain this kind of growth, and a 7% estimation is much more reasonable.

Final thoughts

While there are many strategies to become a TFSA millionaire, if you're a couple in your 30s, it is a very attainable goal. You have the advantages of time and cost savings as well as nearing the prime earning years of your careers. From the example above, investing in a 7%-returning investment can get you to \$1,000,000 by 50. Start early, invest the max, and watch it grow to \$1,000,000 when you're 50.

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