



How to Turn \$300 a Month Into \$1,000,000

Description

Before I get too far into this article, let's take a quick look at the numbers I've suggested here.

That \$300 a month could be rather hard to do, but if you're willing to cut out your morning coffee and eating out for lunch on a regular basis, that \$300 certainly adds up. Then it's not as if you have to be making a ton of money to put that cash away. If you make just \$36,000 per year after taxes, that leaves 10% of your monthly income to put away in savings. This a great strategy to have no matter what you plan to do with that cash.

Then there's that million-dollar number. With inflation, cost of living, and wanting to live comfortably by the time you retire, \$1,000,000 can also add up quickly. Then, of course, you expect to actually live to enjoy that income. Say you make \$36,000 for the rest of your life, that means \$1,000,000 will last you about 27 years if you plan on living on the same amount of income.

It could take a while, but if you want to reach this point you need a [steady stock](#) that can get you there. For my money, I would go with **Canadian Pacific Railway Ltd.** ([TSX:CP](#))([NYSE:CP](#)).

This stock has literally been as steady as a rail over the last few decades. The company went through a massive restructure over the last few years, cutting costs and making a more efficient railway company for its clients and investors.

The stock has also proven, even during downturns, it can continue in an upward trajectory. That's because no matter what, people need products. CP offers an inexpensive way to ship those products around North America — everything from grain to oil.

Even during a downturn, CP managed to post positive earnings and increase its dividend yield by 27% during the last report. It also shares a duopoly with only one other railway in Canada, meaning this company isn't going any where. For investors looking to reinvest for the long term, that's great news all around.

So, now that we have the numbers and we have the company, as I mentioned it will definitely take a while to reach that million-dollar mark. Let's say you're willing to start by purchasing two shares of CP

at the time of writing for \$620.98. Then, you reinvest \$300 per month into that company, or \$3,600 per year. You'll also take those dividends of 1.04% and reinvest them into the company.

By looking at the company's history, we can safely assume CP could grow by about 6% per year over the next few decades. If dividends continue to increase as well, that leaves quite a bit of cash coming your way. But it'll still take a while.

To pass \$1,000,000, it would take an investor 40 years. By that point, you would have \$1,086,023.28. So, that means if you're a millennial looking to take advantage of this strategy, you'd better start now.

Though if you're a 25-year-old, that leaves the perfect amount of time to make this money by the time you [reach retirement](#). And, of course, \$300 is a suggestion, not a limit. Just make sure to pick a strong, steady stock like CP if you plan on taking this strategy any further.

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