



Millennials: Here's Why You Should Start Saving \$250/Month Right Now

Description

Saving when you're young is hard to do, but doing so could pay off significantly later on. The good news is that the more years that you have to retirement, the less money you need to put aside, since time is on your side. Below, I'll show you how even putting aside \$250/month could help you build your savings, which could give you a lot of freedom later on in life.

TFSA offers many incentives to save

By being able to set aside \$250 every month, you could contribute \$3,000 every year into a TFSA. What's great about that is any income you earn on those contributions will not be taxable. In addition, should you decide to abandon saving for retirement if a big life event comes up or you want to use the money to buy a house, you can do that without any consequences. Since the money has already been taxed, you don't have to worry about creating a big tax bill for yourself.

However, you don't want to stop there. Simply putting money into a TFSA isn't going to accumulate much wealth for you. What you'll also want to do is invest in a stock that can help your money grow over time. While you could go the safe dividend route, if you've got a lot of investing years remaining, putting that money into a good growth stock may be a better option, since you'll likely have more time to deal with any fluctuations that may happen along the way.

Pick the right stock and watch it grow

A good potential stock to invest in is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). It has produced tremendous returns over the years and is a stock that could continue to keep growing. While I wouldn't expect it to double every year, even if we were to assume that, on average, it could produce returns of say 15% per year, that could produce some significant growth for your portfolio. Here's how your savings might look like if you invested \$3,000 every year in Shopify and it continued to grow at that rate:

Age	Year	Contribution	Total Contributions	Beginning Portfolio Balance	Growth
25	1	\$3,000.00	\$3,000.00	\$3,000.00	\$450.00
26	2	\$3,000.00	\$6,000.00	\$6,450.00	\$967.50
27	3	\$3,000.00	\$9,000.00	\$10,417.50	\$1,562.63
28	4	\$3,000.00	\$12,000.00	\$14,980.13	\$2,247.02
29	5	\$3,000.00	\$15,000.00	\$20,227.14	\$3,034.07
30	6	\$3,000.00	\$18,000.00	\$26,261.22	\$3,939.18
31	7	\$3,000.00	\$21,000.00	\$33,200.40	\$4,980.06
32	8	\$3,000.00	\$24,000.00	\$41,180.46	\$6,177.07
33	9	\$3,000.00	\$27,000.00	\$50,357.53	\$7,553.63
34	10	\$3,000.00	\$30,000.00	\$60,911.15	\$9,136.67
35	11	\$3,000.00	\$33,000.00	\$73,047.83	\$10,957.17
36	12	\$3,000.00	\$36,000.00	\$87,005.00	\$13,050.75
37	13	\$3,000.00	\$39,000.00	\$103,055.75	\$15,458.36
38	14	\$3,000.00	\$42,000.00	\$121,514.12	\$18,227.12
39	15	\$3,000.00	\$45,000.00	\$142,741.23	\$21,411.18
40	16	\$3,000.00	\$48,000.00	\$167,152.42	\$25,072.86
41	17	\$3,000.00	\$51,000.00	\$195,225.28	\$29,283.79
42	18	\$3,000.00	\$54,000.00	\$227,509.07	\$34,126.36
43	19	\$3,000.00	\$57,000.00	\$264,635.43	\$39,695.31
44	20	\$3,000.00	\$60,000.00	\$307,330.75	\$46,099.61
45	21	\$3,000.00	\$63,000.00	\$356,430.36	\$53,464.55
46	22	\$3,000.00	\$66,000.00	\$412,894.91	\$61,934.24
47	23	\$3,000.00	\$69,000.00	\$477,829.15	\$71,674.37
48	24	\$3,000.00	\$72,000.00	\$552,503.52	\$82,875.53
49	25	\$3,000.00	\$75,000.00	\$638,379.05	\$95,756.86
50	26	\$3,000.00	\$78,000.00	\$737,135.91	\$110,570.39
51	27	\$3,000.00	\$81,000.00	\$850,706.30	\$127,605.94
52	28	\$3,000.00	\$84,000.00	\$981,312.24	\$147,196.84

Even well before your retirement hits, you could have more than \$1,000,000 saved up. As always, it's important to remember that these are only assumptions and by no means is it a guarantee that Shopify will continue growing at this [rate](#). However, you can always sell shares of Shopify if it starts to fizzle out

and into another big growth stock that's more likely to produce strong returns.

What we've seen from Shopify and other tech stocks is that even though their valuations may be very high, investors are often captivated by high-growth stocks, and that's why they can continue rising in value for a long period of time, even though their multiples may suggest that they're overpriced. That's not to suggest that Shopify is the best or only investment option to make, but that considerable returns could be made by investing in popular tech stocks that have significant upside.

The above example is based on assumptions and investors should be mindful that past performance is by no means a guarantee of how a stock will do in the future. It hasn't always been a smooth ride for Shopify, but it's definitely a stock that still has a lot of [growth](#) left, especially given some of the different avenues that the company is expanding into.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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Author

djagielski

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