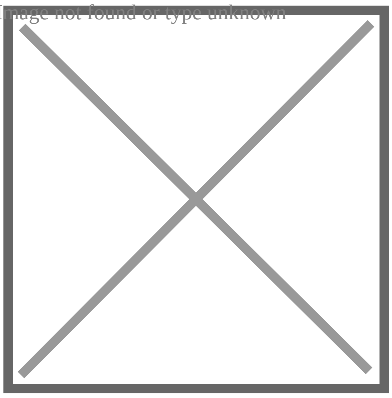

How to Save Twice Your Salary by Age 35

Description

If you're a young investor looking to get rich quick, sorry this article isn't for you. While it is for the young investor, this article is here to help you reach an attainable goal.

Let's look at the millennial population. On average, millennials in Canada make about $44,000 per year, but more than half of millennials aren't investing at all. That means if you're already nearing the age of 35, you have a lot of work cut out for you if you're going to double your salary.

But for arguments sake, let's say that you're 25 and just starting to invest. The reason I choose 25 is that's an age when you have likely completed school, paid at least a little of your debt, have a fairly stable job and starting to look towards the future. You perhaps want to buy a house, get married, have kids, the whole thing. So doubling your salary by age 35 can sound pretty great.

That gives you 10 years to work with, and while a decade seems like a long time it can come and go quickly. Let's assume you have absolutely nothing saved as you were one of those millennials who didn't want to or couldn't invest until this point. That means you have to get to $88,000 in the next 10 years. No easy feat.

Now it's time to look at what to invest in. Taking inflation into account, over the past years stocks have risen about 7% per year on average. That means there will be some years shares only gain about 5%, and others years when those shares could gain 14%. This is an average, not a guarantee. I prefer to be more conservative to ensure you put the right amount away and will use an estimated 6% increase in share price per year.

A good choice of stock, one that is quite likely to hit these benchmarks is **Canadian Pacific Railway Ltd.** (TSX:CP)(NYSE:CP). This company has been on a steady upward path for decades, and has gone through reinvestment that should help bring in cash for decades more. Its infrastructure and management have both been set up to bring in the most funds for the company and its investors.

On top of that, the trains are always running, and CP is one of a duopoly in Canada that makes it hard to compete with. That means no matter what needs shipping, CP is likely getting some of the action. While you likely won't see huge jumps in share price, you also likely won't see enormous dips either, even during a recession.

CP is also a bonus because it pays a dividend that investors can use to reinvest in their portfolio. So not only will you be using your own funds, but those given to you each quarter by CP, to reach your goal. If we use this stock as an example, and and assuming that the dividend, which has increased on average 27% over the last five years, continues to increase, let's see how much it would take a 25-year-old to reach $88,000.

Assuming a $44,000 salary, with an initial investment of two shares in CP, you would need to put away $200 bi-weekly towards this stock, and reinvest dividends, to reach $91,179.61 by the time you're 35 years old.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. TSX:CP (Canadian Pacific Railway)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/27
Date Created
2019/09/29
Author
alegatewolfe