



## Young Investors: \$100 Is All You Need to Become a Millionaire

### Description

Think you need a high-paying job or a huge inheritance to become a millionaire? Think again. All you need is \$100 and a little time.

In reality, time is your biggest ally, not money. Young investors often think you need to save huge sums to retire rich. That's simply not the case due to the magic of compound interest, a phenomenon that Albert Einstein once called the eighth wonder of the world.

Compound interest sounds boring, but when you realize it can turn you into a millionaire, it gets much more interesting. Let's say you'd like to retire with \$1 million by the time you turn 65. Keep in mind that over the long run, the stock market has generated annual returns of roughly 10%.

If you're 40 years old, how much do you need to save each month to go from \$0 to \$1 million? In this scenario, your money will be invested for 25 years. If you earn 10% per year, you'll need to invest \$775 per month to reach the \$1 million mark.

Now let's say you start investing when you're 30 years old. In this case, your money will be invested for 35 years. How much would you need to save each month to become a millionaire by age 65? Roughly \$280 per month. That's less than half of what you'd need to save in the previous scenario, when you started saving at age 40.

But wait, the math gets even crazier. Let's say you begin saving at age 20. How much would you need to stash away on a monthly basis to go from \$0 to \$1 million? The answer is surprising: only around \$100 per month. This is the power of compound interest! For \$25 a week, every 20 year old can become a millionaire. All it takes is time and patience.

If you've already passed age 20, don't fret. The math for those that are 30 or 40 years old isn't out of reach, it'll just take a bit more diligence and planning.

### Step number one

No matter how old you are, the most important step you can take to ensure your financial freedom is to establish automatic investing schedules. This is one of the simplest, yet most [proven tricks](#) in the book.

Most brokerage accounts allow you to set up recurring deposits that require no action from you to execute. For example, if you're 20 years old, you can have \$100 withdrawn from your bank account each month and invested into the market.

If you're 30 or 40 years old, a higher savings rate will be needed to reach millionaire status, but don't stress out about starting with a low monthly amount. The important thing is simply to get automatic contributions in place.

## Step number two

Once you've set up recurring deposits, where should you invest your cash? There are plenty of great options, but if you're struggling to choose, a simple utility stock like **Canadian Utilities Limited** should do the trick.

Canadian Utilities is one of the oldest companies in Canada. Founded in 1927, the company now has nearly 7,000 employees that help support more than \$7 billion in assets. Recently, it sold off its entire fossil fuel portfolio, and is now focused on delivering clean energy across Canada and beyond. Since 1995, shares have risen by 650%, all while paying an increasing cash dividend that now stands at 4.3%.

No matter which stocks you choose, make sure you identify stocks that can consistently build wealth not only over the next few years, but through age 50 and beyond. These stocks can help make your millionaire retirement dreams a reality.

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