



Millennials: Here's How Much You Need to Invest Today to Retire with a TFSA of \$1,000,000

Description

Retirement may be a long way away for millennials, but that's a good thing when it comes to investing. It means that you have many investing years left in which you can build up your savings before retirement, and there's never any time to waste.

Starting early is a good way to help maximize your overall returns. If you're a millennial, that means you've got from 30 to 40 years for your investments to grow. And the good news is that means you'll need to have less money saved up than someone who's older and targeting the same amount of savings.

TFSA is a great vehicle to help grow your savings

One of the ways that you can help grow your savings is through a Tax-Free Savings Account (TFSA), which can shield the income that you earn on your investments from taxes, giving you an added incentive to use the account.

You also don't have to invest in a bank stock or other boring investment in order to grow your savings over the years, either. The great thing about a TFSA is that it doesn't matter whether your portfolio rises as a result of [dividends](#) or capital appreciation, it will all be non-taxable.

Why investing in tech could be a great long-term strategy

You could even invest in a tech stock like **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)). The disadvantage there is that unlike a bank stock, Shopify's future is a lot more unpredictable. Where the company will go and how strong its growth rate will continue to be are important questions that will determine how strong its returns will be in the future.

Today, its future still looks strong as the company has many great growth opportunities out there and its next move into [fulfillment](#) could unlock even more growth for the company. The sky's the limit for

Shopify and it has a lot of bullishness around it that could help the stock continue to climb for many years.

Nonetheless, there will always be a danger that Shopify reaches a peak and that it's no longer a top pick for investors. That's why it would be important to keep a close eye on the stock as things can change quickly in the tech industry. While Shopify has a lot of growth potential, it also has a lot of risks as well, and it being a good investment for 30+ years is by no means a sure thing.

But for now, let's take a look at how Shopify has done and how a stock like that could be key to growing your TFSA.

Although the stock doesn't pay a dividend, you don't need it to; over the past two years, Shopify shares have climbed 200% in value. While growth like that isn't likely to persist for a long time, let's assume that Shopify grows at a rate of about 10% per year, which is not high enough to be unrealistic and yet is definitely attainable for one of the top tech stocks on the markets.

Here's how your portfolio might look if you were to invest in a stock averaging a 10% return over the long term. Let's assume that you start investing at age 30 and that you put in \$36,000:

Age	Year	Portfolio
30	1	\$39,600.00
31	2	\$43,560.00
32	3	\$47,916.00
33	4	\$52,707.60
34	5	\$57,978.36
35	6	\$63,776.20
36	7	\$70,153.82
37	8	\$77,169.20
38	9	\$84,886.12
39	10	\$93,374.73
40	11	\$102,712.20
41	12	\$112,983.42
42	13	\$124,281.76
43	14	\$136,709.94
44	15	\$150,380.93
45	16	\$165,419.03
46	17	\$181,960.93
47	18	\$200,157.02
48	19	\$220,172.73
49	20	\$242,190.00
50	21	\$266,409.00
51	22	\$293,049.90

52	23	\$322,354.89
53	24	\$354,590.38
54	25	\$390,049.41
55	26	\$429,054.36
56	27	\$471,959.79
57	28	\$519,155.77
58	29	\$571,071.35
59	30	\$628,178.48
60	31	\$690,996.33
61	32	\$760,095.96
62	33	\$836,105.56
63	34	\$919,716.12
64	35	\$1,011,687.73

Bottom line

By age 64, you could see your savings grow to more than \$1,000,000 simply by investing in a top growth stock. The obvious caveat here is being able to earn 10% every year, which may be a tall task.

However, if you find a good growth stock, you could end up earning much more in a single year. While there may be lower-yielding years along the way, the good ones could more than make up for the underperforming ones.

The key takeaway here is that with many investing years left, millennials are in a good position to save for retirement today, and can build up a very big nest egg with just a modest-sized investment of \$36,000.

CATEGORY

1. Investing
2. Tech Stocks

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

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