



How to Get \$1,000,000 in Your TFSA by Becoming a Robot

Description

Want to reach \$1 million by the time you retire? The solution is simple: become a robot.

Don't worry, you can still keep your relationships and emotions. It's not necessary to *completely* transform into a robot. All you need to do is become a robot at saving.

The vast majority of savers rely on manual contribution schedules. Think about the last time you contributed to your retirement. What about the time before that? And the time before that? How regular have your contributions been?

If you're like most savers, your contribution schedule is irregular and unpredictable. This is one of the biggest sins you can make when saving for [retirement](#). If you want to reach \$1 million, your first step is to correct this mistake.

Understand this investing secret

Why is regular and consistent saving important? For a few reasons.

First, it ensures that you take maximum advantage of compound interest. Decades ago, Albert Einstein reportedly called compound interest the most powerful force in the universe. He was right.

Let's say you invest \$1,000 today and earn a 10% annual return on your money. In a decade, your nest egg will be worth \$2,600, a \$1,600 profit over 10 years.

But what about if you kept the money invested for two decades? It would grow to \$6,700. That's a \$5,700 profit over 20 years. By investing for double the time period, you made nearly *four times* the profit.

It gets better. If you kept the money invested for three decades, your measly \$1,000 would grow to \$17,500, a \$16,500 profit over 30 years.

Let's review these numbers again. After a decade, you'd make a \$1,600 profit. After three decades, you'd make a \$16,500 profit. That's *10 times* the profit for just three times the time. This is the power of compound interest. Over time, your money grows faster and faster.

The second reason why regular and consistent saving is important is because you're simply more likely to put more capital to work. Millions of investors regularly go *months* without making a contribution. If you have an investing schedule, however, these prolonged lapses won't occur.

How to become a robot

The magic of compound interest is clear. Trusting yourself to manually save is also clearly a mistake. If you want to save more money every month, transform yourself from a human into a robot.

Nearly every investment account allows you to establish *automatic contributions*. This is the best-kept secret in investing.

Automatic investment schedules take the responsibility of investing out of your hands, putting it into the hands of an algorithm. You can have a preset amount of money regularly withdrawn from your banking account and invested into your choice of securities. For example, you could have \$500 automatically withdrawn each month and invested in the **iShares S&P/TSX 60 Index ETF**.

If you invested \$500 every month, earning a 10% rate of return, you'd pass the \$1 million mark in just 30 years. That's still a long time to be investing, but automatic contributions make it significantly more likely that you'll reach this goal.

Of course, you could always go faster by investing in higher return stocks or by upping your contribution amounts, but automatic investments should be a core part of any investing strategy.

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Author

rvanzo

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