



## Millennials: How to Reach \$1 Million by Investing Just \$39 a Week

### Description

You don't need to *be* rich to *get* rich. In fact, you can become a millionaire on just \$39 a week. If you're under the age of 35, all you need is a few bucks a day to get on the road to [riches](#).

To accomplish this feat, you'll need two secret weapons: a TFSA and an automatic contribution schedule.

### Always have a TFSA

Millions of Canadians still don't have a TFSA. That's a huge mistake. TFSAs are the fastest way to improve your financial life.

The number one benefit of a TFSA is that it shields your money from taxes. With a TFSA, your money grows tax free, no matter how quickly it compounds or how large it becomes. When it comes time to tap into your savings, TFSA withdrawals are also tax-free. This is basically free money.

There are a few limitations, but if you're under the age of 35, these shouldn't matter much.

The biggest drawback is that you can't contribute unlimited funds to a TFSA. Each year there is a contribution maximum. For 2020, it's \$6,000. The critical thing to know is that unused contribution space rolls forward. So if you haven't used the contribution space from previous years, it's available to you immediately.

If you add up each year's contribution maximum from the moment the TFSA was first introduced, you'll get \$69,500. If you're opening a TFSA today for the first time, you can immediately contribute this amount. The ability to instantly shield \$69,500 from taxes forever is an opportunity you shouldn't pass up, especially considering you can make tax-free withdrawals anytime for any reason.

But what if you don't have \$69,500? Don't worry. If you want to get rich, all you need is \$39 per week.

## How to get rich

Most TFSAs allow you to make automatic contributions. This regularly withdraws a preset amount of money from your banking or chequing account, depositing the proceeds into your TFSA for investment.

Whether it's \$100 a week or \$1,000 a month, make sure you establish automatic contributions. Trusting yourself to manually make these contributions on a regular basis is a recipe for disaster. It's best to trust the algorithms on this one.

What if you do opt to contribute just \$39 per week? Is it possible to get rich off such a measly sum? Absolutely, but only if you're young.

Let's say you open a TFSA and establish weekly contributions of \$39. Assuming a 10% rate of return, you'll have roughly \$35,000 after a decade. That's not bad, but it's a far cry from being rich. After 20 years, you'll wind up with around \$125,000. That's a big jump, but again, not even close to rich.

This is where it gets interesting. Due to compound interest, your money will grow faster and faster the longer it's invested. After 30 years of \$39 weekly contributions, you'll build a nest egg of around \$360,000. But after 40 years, you'll have just shy of \$1 million. And due to the TFSA's tax protections, you get to keep 100% of this amount.

Building a \$1 million retirement account using just \$39 per week is simple. All you need is time, a TFSA, and an automatic contribution schedule. But don't confused *simple* with *easy*. It's up to you to take these necessary steps. No one else can do it for you.

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