



## Millennials: Retire in 15 Years (or Less!) With This Easy 3-Step Guide

### Description

After a few years in the workforce, having a real job begins to lose its lustre. The reality of a multi-decade career sets in, and it hits you. *Hard.*

Why spend all those years in the office when there's a whole world to explore out there? If travel isn't your thing, there are still a million other things you can do with your time.

There's just one problem. Most people can't afford an extended retirement. It's always just seemed out of reach.

I'd argue that being able to retire decades earlier than planned is easier than you think. Yes, it'll take sacrifice, but freedom will make it all worthwhile. Here are three easy-to-follow tips that can help you get there.

### Live like a college student

Let's face it; the average house has far too much space.

Since the 1950s or 1960s, the average family has nearly doubled their total living space while having fewer children. Most people fill those empty rooms with stuff that might get used occasionally but mostly just sits there, collecting dust.

If you're serious about retiring early, it's time to live far more efficiently. If you already own a large home with excess space, start renting those extra bedrooms out to students. Many people have used this strategy so effectively that these renters cover the mortgage.

Another easy way to get your living costs under control is to move in with a significant other. Two people can easily live in a small one-bedroom apartment for about the same as a single person, thereby freeing up cash that can be invested.

Either of these two tips can easily put [\\$1,000/month in your pocket](#) — cash that can really add up over

a decade of investing. \$12,000 per year invested at an 8% return turns into \$187,745 after 10 years of compounding interest.

## Maximize your earnings

Keeping your living expenses low is just one part of an early retirement dream, however. You'll also need to maximize your income.

Some people are fortunate enough to have an employer that offers lots of overtime opportunities. If you're this lucky, a significant source of extra income can come from saying yes whenever these extra hours are offered.

Most of us aren't so lucky, however, so we have to get a little more creative. Going back to school to get a better-paying job is a possibility, as is using some of your other skills to make extra cash on evenings and weekends. And there's always the possibility of jumping to a new company for a big raise.

An extra \$15,000 per year in sideline income invested at an 8% annual return turns into just over \$234,000 over a decade. If you need [\\$1 million in the bank](#) to enjoy an early retirement, these two choices will get you more than 40% of the way there in just 10 years.

## Invest well

You'll need to invest approximately \$35,000 per year for 15 years to become a millionaire, assuming you get an 8% return. But you can shave 1.5 years off the journey if you get a 10% return, and 2.5 years off if you get a 12% return.

There are dozens of Canadian stocks that have returned 12% annually over the long-term. For instance, if we include reinvested dividends, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) shares have posted a compound annual growth rate of 14.5% over the last 20 years. That's enough to turn an original \$10,000 investment into something worth \$150,173.

Some investors might not think the stock is capable of that kind of growth over the next 20 years, but Canada's largest bank still has oodles of growth potential.

It will grow domestically as the local economy grows and has potential to acquire more assets in the United States, which has a fragmented banking system. As well, its other divisions — such as wealth management, insurance, and capital markets — still have strong growth potential.

Remember, Royal Bank was Canada's largest financial institution two decades ago, too, and yet it still managed to post that impressive growth.

An important part of Royal Bank's return potential is its dividend, a payout that currently yields 3.9%. Look for this dividend to keep marching higher as earnings increase.

## The bottom line

An early retirement will take sacrifice, but the result is worth it. You can dramatically increase your

chances of success by living cheaply, earning as much as you can, and investing well.

## **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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