



## TFSA Investors: How Just \$10/Day Can Make You a Millionaire

### Description

Although the average millennial might not believe that they have much of an advantage — at least compared to their baby boomer parents — they do have one big edge over older folks, at least when it comes to saving for retirement, anyway.

This big advantage is time. By finding a way to invest early, when they're still young, these folks can use the miracle of compound interest to build a foundation that will grow to something very large come retirement time.

In fact, by leveraging their TFSAs, millennials can take this a step further and create a nest egg that's poised to deliver significant passive income when they retire. And as it's all inside a TFSA, that passive income [will be 100% tax free](#).

That sounds pretty good, doesn't it?

Here's how you can ensure you're in such a position — all for as little as \$10 per day.

### The magic of compounding

At first glance, \$10 per day seems woefully low. It looks like there's no way saving that little will be enough for a comfortable retirement, never mind being a millionaire.

I'm the first to agree with this if you're in your 40s or 50s. You'll need to do a lot of heavy lifting if you haven't begun to save until then, and a mere \$10 per day will be woefully inadequate.

But things are much different if you start in your 20s and slowly put capital away over 35 or 40 years. Time becomes your friend, and even a relatively small amount invested turns into something big. You'll also need to get a decent return, of course.

Let's crunch some numbers. If you invest \$3,650 annually into your TFSA starting at age 25 and keep doing it for 40 years — earning a compound annual return of 10% — you'll end up with a TFSA worth

an astounding \$1.78 million.

Sure, inflation will rear its ugly head during that time, but you'll still be in a pretty good spot. And if you're a little nervous that won't be enough, there's a simple solution.

All you need to do is save a little more. Increasing your TFSA contribution to \$12 per day increases your total nest egg to a little over \$2.1 million!

## How to get there

It's no small feat to build a portfolio that returns 10% annually. Here's how you can give yourself a fighting chance to reach that magical return plateau.

You want to invest in the best companies possible — a mantra that could translate into taking more concentrated positions in the best Canadian stocks.

You don't have to go far to find these companies, either. They're perched atop the **TSX**, already in a lofty position. Everyone already knows how dominant they are. All you need to do is make the decision and start buying.

Take **RioCan REIT** ([TSX:REI.UN](#)), which is already one of Canada's largest owners of real estate. After consolidating its empire of retail property into something with focus on Canada's six largest cities, the company has embarked on an ambitious redevelopment program that will see it build dozens of new facilities, turning retail property into mixed-use buildings with condos or office space on top.

The largest of these projects, The Well, will consist of 500,000 square feet of retail space, 1.1 million square feet of office space, and 1,800 residential units in downtown Toronto.

That project alone will be enough to move the bottom line. In total, RioCan has plans to add 27 million square feet to its portfolio, which would almost double its size. That's a pretty exciting prospect for a real estate company.

Investors also get paid a handsome dividend to wait. RioCan shares currently yield 5.2%. [Dividend growth](#) will likely be on the horizon too, as these projects add to the bottom line.

Perhaps most important, RioCan has a history of delivering the types of returns we're looking for. Over the last 20 years, including reinvested dividends, RioCan shares have posted a compound annual growth rate of 14.54%. That's enough to turn a \$10,000 original investment into something worth \$151,170.

## The bottom line

Yes, millennials, it really *is* possible to turn a small investment into something worth a small fortune in a few decades. All it takes is persistence, patience, and picking good stocks. Imagine how much you'd have if your spouse did the same thing.

### CATEGORY

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

## **PARTNER-FEEDS**

1. Business Insider
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## **Date**

2025/07/21

## **Date Created**

2020/02/11

## **Author**

nelsonpsmith

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