No Savings? $350 Is All You Need to Retire Rich

Description

No, this isn't a trick. I promise you. If you're looking to retire with a solid, rich nest egg in your pocket, even without savings, then there is a way to get there. It all comes down to one thing: automatic payments.

If you can put aside $350 every month to put towards your investments and create automatic payments into those investments, there is no reason why you can't retire rich. All it takes is choosing the right stock. And, of course, I just so happen to have an excellent choice.

No Savings? Pick CP

What you need right now is consistency. The markets have been volatile for well over a year, and this new crash isn't likely to be the last. So, if you're someone looking to invest and see that investment grow for decades to come before retirement, you want a blue-chip stock to get you there.

That's what I would choose **Canadian Pacific Railway** (TSX:CP)(NYSE:CP). CP is a great defensive stock in today's market. While others fall, CP remains steady as a, well, train. Even since the last economic recession in 2008, the stock hardly had a fall as other stocks plummeted. In fact, since 2011, CP has taken off. As of writing, the stock has grown 522% since that time.

That's because the company has completed its reinvestment into its infrastructure as well as cut costs. CP sold assets, closed rail yards, and even changed leadership. This has put cash both in the pockets of management and investors. That means the company has been looking at new investment opportunities, even during today's downturn.

Future funds

So, let's get down to that $350. If that's all you can afford, that means today you can buy just one CP stock. But that's totally fine, because what you're really going to be doing is taking that stock and adding another, and another, and another month after month. On top of that, you'll have the company's amazing dividend to reinvest. Right now, that dividend is at 1.06%, with the company increasing it about 30% on average each and every year. This should continue as long as the company is in business.

The company should not only continue to grow its dividend, but its share price has been doing exceedingly well recently. While other companies reported losses, or at least flatlined, CP announced growth. That drove growth of almost 30% in the last year alone.

But if we look at the average during the last decade and use that as a guiding light, then we can still expect the next two decades to be incredibly strong for CP. So, if you take that $350 and add to it every month, here is what you end up with.

Year	Portfolio
1	$4,634.47
2	$10,972.11
3	$18,303.66
4	$27,485.74
5	$39,041.60
6	$53,658.52
7	$72,244.76
8	$96,008.31
9	$126,566.88
10	$166,102.48
11	$217,580.83
12	$285,065.38
13	$374,171.39
14	$492,728.86
15	$651,760.65
16	$866,942.06
17	$1,160,803.91
18	$1,566,099.37
19	$2,131,015.77
20	$2,927,353.24

Foolish takeaway

That’s right. With only $350, you can turn your no savings into almost an unbelievable $3 million in just 20 years. Granted, this is based on the past performance of the last decade and the numbers that have been associated with that performance. So, this is a best-case scenario in my book. But if you buy during today’s crash and hold on tight, making re-investments throughout the next two decades, there is no reason you won't see numbers similar to those above.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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