



How Much Do You Need to Save to Become a Millionaire?

Description

Although inflation has impacted the true value of a seven-figure net worth, the journey to millionaire status is still an important milestone for many Canadian savers.

I firmly believe a \$1 million net worth at the traditional retirement age is more than enough for average Canadian savers. It might not be quite enough if you're under 50 looking for an [ultra-long retirement](#), but it's certainly a great start.

Accumulating that much money might seem like an insurmountable task, but it's not that hard to become a millionaire. Especially if you have time on your side. Let's see how much you'll have to save up to get there based on your age.

Age 20

Thanks to the wonders of compound interest, it's really quite easy to become a millionaire if you start early, invest often, and earn a solid return.

If you start saving at age 20 and earn a very reasonable 8% on your money over the long term, it'll take a mere \$2,400 per year of savings to become a millionaire by the age of 65. No, that's not a typo. It's really that easy. Building wealth really favours people with a long runway ahead of them.

Age 30

It gets a little more difficult to achieve millionaire status if you start at age 30, but not exceptionally so.

If you start saving at age 30 and earn an 8% return on your investment it'll take savings of \$5,400 per year to achieve millionaire status by age 65. This is right around the current TFSA annual contribution limit, meaning maxing out your TFSA is a wonderful way for a millennial investor to ensure a [comfortable retirement](#).

Age 40

This is when becoming a millionaire starts to get a whole lot more challenging. We've already seen how easy it is to accumulate serious wealth if you start early. Now we'll see how difficult it is if you start later.

If you start saving at age 40 and earn an 8% return on your money, it'll take annual savings of \$12,800 to end up a millionaire at the traditional retirement age. That's an investment of more than \$1,000 per month. It's achievable, but saving that much is a stretch for many people.

Age 50

This is when it starts getting quite difficult to achieve millionaire status. It's hard to really increase your nest egg when you don't have the luxury of time.

Someone who just celebrated their 50th birthday would need to save \$34,500 each and every year until age 65 to become a millionaire. That's nearly \$3,000 every month.

I know most folks end up earning more as they enter their 50s and 60s, but saving that much is a tall order for almost everyone.

One stock to help you achieve millionaire status

No matter how old you are, you'll need good investments to help you become a millionaire. Personally, I like to stick with Canadian blue-chip stocks with a history of delivering excellent returns.

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is one of North America's largest energy service companies. Major assets include oil pipelines, natural gas pipelines, and a power generation portfolio. The company has significant assets in both Canada and the United States, and it also owns pipelines in Mexico.

The company weathered the recent energy sector downturn easily. It doesn't have as much reliance on oil pipelines as many of its peers, which helps when that commodity declines. As oil melted down last month, natural gas prices stayed strong. And the power generation business kept chugging along, also delivering steady earnings.

TC Energy has been a remarkably successful long-term investment, easily enough to make someone a millionaire. Over the last 20 years — including reinvested dividends — the stock has delivered a 13.1% annual return. That works out to a total return of 1,075.78%, which is enough to turn an original \$10,000 investment into something worth \$117,485 today.

The bottom line

It all depends on how early you start. Becoming a millionaire isn't that hard if you start in your 20s or early 30s. It becomes a lot harder if you haven't saved much of anything by your 50s.

It's a lofty goal for many, but a worthwhile one. So, what are you waiting for? Load up on excellent stocks like TC Energy and start your journey to the seven-figure club today!

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Author

nelsonpsmith

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