



Got \$6,000? Become a Millionaire With This Stock

Description

You can become a millionaire with just \$6,000. To be sure, you also need to have patience and good habits, but with regular saving and the [right stocks](#), your path to \$1 million is clear.

The biggest trick is to harness the power of compound interest. Albert Einstein reportedly called this the most powerful force in the universe. At the least, it's the most powerful force in finance.

The magic of compound interest is that your money will grow faster the longer it's invested. Gains accrue slowly at first, but over the years, a snowball effect emerges. Down the line, your \$6,000 contribution could be generating \$50,000 annual gains. That's quite a feat.

The path to becoming a millionaire on \$6,000 isn't necessarily easy, but it's surprisingly simple.

Compound your interest

Almost every self-made millionaire has figured out how to make compound interest work for them. Over time, the results can be amazing.

Consider an investment of just \$6,000. Using stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), which has posted double-digit annual gains for decades at a time, you can slowly but surely build a fortune.

Investing \$6,000 at a 10% annual rate of return will produce little at the start. After one year you'll have a profit of \$600. But after two years, your profits will total \$1,260. You can already start to see your money grow faster over time.

The real magic starts to happen over decades. After 10 years, you'll net a profit of \$9,560. After 20 years, interest will total \$34,360. If you wait 40 years, you'll accumulate a profit of \$265,000, all from a measly initial sum of \$6,000.

But wait a second ... \$265,000 doesn't make you a millionaire, and not everyone can afford to wait 40 years. Thankfully, you can accelerate the timeline by becoming consistent.

Be consistent

Everyone says that they'll commit to saving more in the future, but few do. It's a human weakness. That's too bad considering consistent contributions are a major factor in becoming a millionaire.

Let's begin with the previous example of contributing \$6,000 at the start while earning 10% annual returns. Except this time, you contribute *another* \$6,000 at the end of each year.

By contributing \$6,000 every year, you can surpass the quarter-million-dollar mark after just 16 years. In the previous example, where you didn't follow up with additional contributions, it took 40 years to reach this level.

But what about becoming a millionaire? By investing \$6,000 each year, earning 10% per year, you reach the \$1 million point after 29 years. That's not bad, but if you want to speed up the timeline *even more*, you must choose the right stocks.

Buy millionaire stocks

Generating 10% annual returns is a great start. You can become a millionaire even faster by picking higher-growth stocks.

Hexo ([TSX:HEXO](#))(NYSE:HEXO) is a great [example](#). This \$400 million pot stock is capable of doubling, or even tripling in value in the coming years. There's more risk here, but it could chop a decade or more off your investing horizon.

If you find stocks capable of delivering 20% annual returns, you can become a millionaire in less than two decades. That's possible by investing just \$6,000 per year.

CATEGORY

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2. Energy Stocks
3. Investing

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2. TSX:ENB (Enbridge Inc.)

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