



Investing \$400/Month Can Make You a Millionaire by Retirement

Description

Retirement planning is rewarding for people with foresight but stressful [for those who did not save enough](#) for the future. Ideally, it would help if you planned for retirement over your productive years or career. It's wise to prioritize retirement savings early on and not cram when the date is approaching.

According to the 2019 **Scotiabank** Investment Poll, 66% of Canadians underestimated how much funds they will need in retirement. You can avoid the miscalculation with a simple tactic. More so, you can even retire a millionaire.

The key to a prosperous retirement is to pursue the goal as early as possible. Dedicate most of your income to savings while practicing frugal living. The financial independence, retire early (FIRE) movement promotes this strategy in the hope many can retire early and have more years to enjoy retirement.

Saving for retirement is feasible

Kevin O' Leary, the founder of O'Leary Financial Group and host of TV series Shark Tank, shares the FIRE movement's advocacy. The 2020 pandemic is a wake-up call because it exposed that people have little savings or none at all. Also, many don't have investment accounts.

Rather than buying things you don't need, O' Leary suggests finding a way to save \$100 a week. If you're in your early 20s, make it a mission, as you can potentially have more than a million in retirement by setting aside \$400 every month. However, saving cash and keeping it idle in a low interest bearing savings account won't make you rich.

You must [level up if you want the money to grow](#) significantly. Invest in dividend stocks and place them in investment vehicles such as the Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP). In a TFSA, your earnings are tax-free, while money growth in the RRSP is tax-sheltered.

Monthly income stream

A high-yield dividend stock is beneficial to retirement planners. **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) in the energy sector is a dividend king with its 8.83% yield. This \$15.7 billion operator of oil pipelines is one of the few companies that pay dividends monthly. The majority do so quarterly.

If you start with a \$4,800 investment in the first year, the monthly income stream is \$35.32. As you continue to save \$100 per week and keep investing and reinvesting the dividends, your investment will accumulate faster. Over the last 20 years, Pembina's total return is 542.49%. The dividends should be safe, notwithstanding the decline in oil demand and low natural gas prices.

The energy stock bottomed to \$15.76 on March 18, 2020, but is trading at \$28.56 today or an 81.22% rebound. Pembina engages in transporting and storing natural gas from Canada's western provinces. About 99% of U.S. natural gas imports come from Canada. Management expects to recover in 2021 when the volume of American imports rebounds sharply.

Retire with a fortune

Chasing early retirement might be a daunting task in the pandemic given the job uncertainty. However, when things return to normal, and income is stable again, it would be best to focus on retirement security. If you do, you can retire with a small fortune and live comfortably at 60 or 65.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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