How $50 a Week Can Build You a Fortune

Description

What can you buy with $50? A week's worth of coffee? A nice dinner? Or a fortune? The answer is all of the above!

In fact, you can save and invest just $50 a week to build a fortune! Other than $50 a week, another component that's required is time for compounding interest to take effect.

Since there are about 52 weeks in a year, saving $50 a week equates to annual savings of $2,600. Do that for 30 years and you'll build a small fortune of $78,000.

It's great to work hard and save regularly, but you can get much further by getting your money to also work hard. If you get a return of 10% every year on your $50 a week of savings, instead of $78,000, you'll end up with about $470,453 — that's six times as much!

Stocks that can return 10% a year

Here are some examples of stocks that can return 10% per year over the next few years.

Enbridge (TSX:ENB)(NYSE:ENB) stock is an undervalued blue-chip stock that provides a safe yield of 8.4%. The shares have sold off along with the energy sector, as there was lower energy demand due to the pandemic's disruption to the economy. However, management reiterated its estimates, which would indicate a sustainable payout ratio of about 70% that would protect its dividend.

This means that if you buy Enbridge today, you would get 8.4% returns from dividend income and only need 1.6% of annual price appreciation to get that 10%. Since the stock is cheap and the business will grow in the long run, it's more likely that price appreciation will be greater than that.

While undervalued dividend stocks like Enbridge are wonderful, you should also consider high-growth stocks like **WELL Health Technologies** (TSX:WELL).

WELL Health compares itself to companies like **Constellation Software**, **Enghouse**, **Open Text**, which have very disciplined M&A strategies. Led by an experienced management team, WELL Health is digitizing the healthcare industry. Its acquisitions have been very successful so far, helping it to propel its growth, expand its offerings, and boost revenues.

Last year, the company tripled its revenues. It is still in its early stages of growth. With an enterprise value of just shy of $1.2 billion, it won't be surprising for it to be at least a 10-bagger. So, it could be a fabulous idea to consider the stock, especially on consolidations and dips.

The Foolish takeaway

The key to saving and investing is to get started. $50 a week is a good start. Investing $50 a week for a total return of 10% per year will result in a nice fortune of about $470,453 in 30 years.

However, if you're able to save $100 a week for the same rate of return, you would arrive at approximately $940,906.

Consider a mix of stocks for diversification, including value and growth stocks. Many value stocks also pay awesome dividends that deliver periodic, stable returns.

If you invest in the right growth stocks, you can compound your wealth much faster. For example, investing in WELL Health just one year ago would have turned $1,000 into more than $6,000. Although the same kind of growth can't be certain for the near future, above-average growth, in the long run, is still in the cards.

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