



TFSA Millennials: Investing \$300 a Month Can Make You a Millionaire

Description

Some people have the dream of retiring with a million dollars in their bank account. While a million dollars might seem huge, you can achieve this financial goal by being a disciplined investor. In order to figure out how much you should be saving, you can run your numbers through a compound interest calculator and [derive the magic number](#).

You will also need to know the age you plan to retire and the expected rate of return you are earning on your investments and create a plan that will help you achieve your \$1 million goal.

In a nutshell, saving for retirement means you need to play the long game and give your investments plenty of time to grow.

While there are several investment vehicles that can be explored, if you are just starting out, you can look to invest in equities. The stock market has the potential to create massive wealth for long-term investors, especially as interest rates are nearing record lows.

For example, if you start saving \$300 per month at the age of 30 and earn a return of 7% per year on your investments, you can reach \$1 million by the age of 65. However, if you start saving at the age of 40, you need to invest \$1,400 per month to reach your financial goals.

So, if you are behind on your savings, calculate how much you need to save each month to retire with \$1 million and then start tracking your expenditures. You will also need to make budget cuts and eliminate unnecessary expenses to stash extra cash in your retirement fund.

Allocate dividend stocks to your TFSA

The TFSA (Tax-Free Savings Account) is an ideal investment vehicle that can help you achieve your financial goals. It [is a registered account](#) that can be used to allocate blue-chip, dividend-growth stocks such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

The TFSA has a contribution limit of \$6,000 for 2020, which means you can invest \$500/month and

benefit from long-term gains. Further, any withdrawals from the TFSA in the form of dividends, capital gains, or interests are exempt from taxes.

Enbridge is an energy infrastructure giant and derives over 95% of EBITDA from its contract-based model. This makes the company immune to commodity prices, allowing it to generate predictable cash flows across business cycles.

Enbridge stock is trading 30% below its 52-week high, which has pushed its dividend yield to a tasty 8.2%. The company has managed to increase dividend payouts at a compound annual growth rate of 11% in the last 25 years, making it one of the top dividend-growth stocks among blue-chip heavyweights.

The Foolish takeaway

Enbridge is just one example of a quality company with a high dividend yield. If you need to retire with a million dollars, you need to diversify your investments and hold a variety of stocks across different sectors.

Alternatively, you can also invest in a low-cost ETF (exchange-traded fund) like the S&P 500 that has generated annual returns of over 10% in the last four decades. The S&P 500 ETF diversifies your risks and gives you exposure to the top 500 companies in the U.S.

CATEGORY

- 1. Energy Stocks
- 2. Investing

TICKERS GLOBAL

- 1. NYSE:ENB (Enbridge Inc.)
- 2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

- 1. Business Insider
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