



TFSA Investors: Become a Millennial Millionaire With This 1 Trick

Description

Millennials, it's true. You can become a millionaire, and it doesn't have to be hard. It also doesn't have to be risky. All it has to be is consistent. If you want to become a millionaire millennial, there is simply one trick you have to learn.

That's automated payments.

At first, it can sound like a lot of work and, frankly, a lot of money coming out of your paycheck. But you have to remember, each and every penny you put away is money that can make more money. Rather than letting your cash sit in a savings account, put it to work!

The best way to put it to work is by placing it in a Tax-Free Savings Account (TFSA). While most millennials have a fair bit of savings, most also don't have a TFSA. So, start there and open one up. As of this year, you'll have \$69,500 of contribution room. Make sure to learn the rules, though, before you just go investing everything in any top stock you can think of.

But back to automated payments and the least risky option out there. For those who want the closest thing to a sure-thing stock out there, you have to go with **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

Banks are best

The reason banks are best is because in Canada the Big Six banks have been around for over a century. That gives you a good idea that these banks are likely to be around for another century or at least the next few decades when you'll need them. Second, banks have fared well during the [last few recessions](#), especially in Canada. During the 2008-2009 economic crisis, Canadian banks were at pre-crash share prices within a year's time.

Banks also pretty much do the work for you when it comes to investing. Banks have a team of people whose job it is to find out where to invest money. These people will make sure their investments keep the bank healthy, which in turn will keep your shares healthy.

Royal Bank's case

So, why Royal Bank in particular? It's the biggest of these Big Six banks with a market cap of \$142 billion as of writing, along with about a trillion dollars in assets. The company knew an economic downturn was coming and prepared accordingly. Thanks to their preparation, the bank is only down 1.3% year over year as of the latest earnings report. Royal Bank also has a diverse portfolio throughout the world, including in emerging markets and wealth and commercial management. These sectors will continue to bring in strong revenue for the company.

Another bonus from this bank and others is dividends. Royal Bank has a 4.47% [dividend yield](#) at writing, that has seen a compound annual growth rate (CAGR) of 7.9% over the last decade. Meanwhile, its shares have had a CAGR of 9.8%! So, using this information, we can easily learn why you could reach millionaire status.

Foolish takeaway

Here's how it breaks down if you were to do automated payments towards Royal Bank. Let's say you earn about \$50,000 per year. Each year, you put aside 10% of your paycheck, which is \$5,000 towards Royal Bank. Based on the numbers above, if you were to invest in this stock for 30 years, making those annual \$5,000 additions, you would have \$1.92 million in your portfolio with dividends reinvested!

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