



## \$1 Million in Investments: Here's How...

### Description

When you first start to save your money, having enough to retire or even making \$1 million seems like an impossible feat. Just like any journey, though, all it takes is one step to get started.

To save and invest enough to have \$1 million one day, it's not going to be easy. That said, it's something that pretty much anybody can do.

One of the most important factors is self-discipline. Discipline to save your money, discipline to take a long-term investing approach, and the discipline to stick to the plan.

It's going to be a long road to grow your portfolio value to \$1 million. So as long as you aren't expecting major results overnight and are committed to the long road ahead, here's how you do it.

### Save, save, save: The first step to \$1 million

At first, saving money is going to be the most important factor. To do this, you will need a budget, at the very least, to set a goal and track your saving. You should also employ popular financial tips like paying yourself first.

That means every time you get paid, before you pay any of your bills, take a little bit off the top for your saving and investment account like a [Tax-Free Savings Account \(TFSA\)](#). A good general rule of thumb is 10%.

You should strive to pay yourself first as much as possible. Of course, sometimes that may not always be practical. But the point is to make sure that you aren't maxing out your budget on all your bills every month and leaving yourself nothing to save and invest.

One of the best ways to do this is to set up an automatic savings plan. That way, as soon as you get paid, the money can automatically be put into your investment account before you can spend it.

## Pay attention to taxes

Taxes are something else you're going to have to plan for. When you first start, you can put all your savings into a registered account such as the Tax-Free Savings Account (TFSA) or RRSP.

These accounts are crucial tools to allow Canadians to [invest for the long-term](#) and either save on or defer taxes. Years down the road, when you have saved a considerable amount of money and are well on the way to \$1 million, you will eventually get close to maxing out these registered accounts, and tax planning will be even more crucial.

So make sure you pay close attention to your finances and optimize your investments to pay as little tax as possible.

## Buy long-term stocks to grow your capital to \$1 million

You also need to find high-quality stocks to grow your capital. This will require investors to build a portfolio of solid businesses that you can own long-term.

A perfect example of a top core stock you can buy cheap today is **BCE Inc.** BCE is an ideal business because its industry is a staple of the economy.

You don't have to worry about the company going out of business, and you can almost guarantee that over the long-term, BCE will continue to grow its operations as well as its shareholder value.

In addition, you'll also receive a growing passive income stream from an investment in BCE. This will be crucial to helping your portfolio compound at a rapid pace.

## Compounded interest: The last key to success

The reason we invest for the long-term is twofold. It takes a lot of risks out of buying companies. Second, it allows us to capitalize on compound interest. Here's an example of how powerful compound interest can be.

Let's say you're able to save \$500 a month (\$6,000 a year) and average a conservative annual return of 7% a year. After 10 years, you would have saved \$60,000, and your portfolio value would be worth about \$85,000.

By year 20, you would have saved another \$60,000 (\$120,000 total), but your portfolio value would now be nearly \$254,000, almost three times as much as year 10.

By year 30, you would have saved \$180,000 total and have a portfolio value just shy of \$600,000. All in all, at that pace, it would take you about 37 years to reach \$1 million, thanks to compound interest.

Of course, with higher returning stocks or more savings every month, you could get there much faster.

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