



Become Financially Independent With Just \$250 a Month

Description

Financial independence — defined as having enough income to pay for one's expenses without needing employment or dependence on others — is a goal of many Canadians. In fact, this principle is the basis of the global movement known as [FIRE](#) (financially independent, retire early). All over the world, individuals are documenting their efforts to achieve an early retirement.

Fortunately, you will be able to do this without putting too much capital at risk. In Canada, the average retirement age is 63 and a half. However, by putting \$250 aside every month, you should be in position to be able to retire at 55.

Let's take a look at how the numbers work. An 18-year-old putting away \$250, each month, for 37 years will have \$1,034,718.06 in the bank. This assumes that the individual's investments can compound at an average rate of 10% over that period. Of that savings amount, only \$111,000 will have come from contributions. This shows how important the factor of time can be when it comes to investing.

If you are older and wish to achieve financial independence, it can still be done. Unfortunately, time is not on your side, so you will need to increase your monthly contributions. For example, if you were to start investing at the age of 30, you will need to contribute \$850 each month to achieve a similar savings amount by the same age.

This company has been an excellent compounder for over a decade

One company that can help you achieve your goal to be financially independent is **Constellation Software** ([TSX:CSU](#)). This stock has been an excellent compounding machine since coming public in 2006. Since its initial public offering (IPO), Constellation Software stock has increased more than 9,000%. To put into perspective, a mere \$10,000 [investment made at its IPO](#) would have become more than \$900,000 today.

Let's see what a \$250 monthly investment in Constellation Software would have been worth since its IPO. Since May 19, 2006, Constellation Software has returned 39.45% annually, on average. If an individual had been able to contribute \$250 per month since its IPO, that total investment would be worth \$1,810,584 today. This amount of money is more than enough for an individual to comfortably retire in Canada.

Foolish takeaway

Financial independence is a goal of many Canadians. For some, the idea seems like a lofty goal. However, there is an ever-increasing number of individuals around the world that are taking to this idea. Today, the FIRE (financially independent, retired early) movement is very popular among millennials.

This can be achieved by an individual that chooses to invest \$250 each month. If your investments manage to compound at an average rate of 10% each year, then you will have enough money to retire in 37 years. However, choosing a company like Constellation Software will help speed up your savings rate. Constellation Software stock has gained almost 40% each year, on average.

Financial independence can be achieved by anyone. All it takes is consistency and discipline. If you start investing now, your future self will be much better off for it.

CATEGORY

1. Investing
2. Tech Stocks

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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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