



Not Clickbait: Retire a Multi-Millionaire

Description

Compound interest. It's something that if you learned in school, you didn't fully comprehend at the time. Since then, it's something everyone should realize by now they want in their lives. That, along with learning how to find the best stocks to buy right now.

Compound interest is the addition of interest – or in the case of stocks, returns – on any loan or deposit. In the case of investing, compound interest can be used to aid in your retirement strategy. That's especially true if you're in your early twenties and want to retire a multi-millionaire.

How it works

The first step you have to take is opening a Tax-Free Savings Account (TFSA). The TFSA offers investors the opportunity to put savings aside, and take them out whenever needed with no tax on that withdrawal. This is the perfect account to have in conjunction with a Registered Retirement Savings Plan (RRSP). It's an incredibly simple process, and as of today you have \$75,500 worth of contribution room if you were 18 in 2009, with more added every year.

But let's say you're 20 and want to start putting money aside toward retirement. You don't have that much to put aside, so you start with the goal of putting \$250 away each month. That means each year you'll have \$3,000 to invest. Not bad at all.

The next step is to find an investment. If you're looking for a strong, stable investment that you don't have to worry about for decades, then I would go with the Big Six Banks. A bank like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) offers stability in times of volatility, decades of growth, and a dividend yield you can use to reinvest. It's also one of the best stocks to buy right now, with a solid balance sheet.

Find the best stock to buy right now

So here's how it shakes out. You invested \$250 each month into Royal Bank, for a total of \$3,000

every year. That's a total of \$135,000 over 45 years. Putting that cash to work here's what you'll get.

Future Values

Years	Future Value
10	\$58,084.77
20	\$249,786.98
30	\$882,478.44
40	\$2,970,605.06
50	\$9,862,230.77
100	\$3,871,748,059.34 (just for giggles)

Now if you're 20 and put that cash away over 45 years, as you can see you would absolutely be a multi-millionaire. In that specific case, you would have a TFSA portfolio worth \$5,417,309.99 by the time you want to retire at 65! These numbers are based on the compound annual growth rate (CAGR) of 12% for Royal Bank stock over the last two decades, so those numbers look stable. *And* it doesn't include the possibility of reinvesting your dividends!

Foolish takeaway

Sure, you could have \$130,000 by the time you retire by taking this exact same strategy. You may even account for inflation, and get a total of \$234,982.74 at a 2.27% rate. However, that's still far and away from a multi-millionaire portfolio.

By simply taking the time to choose strong investments, like Canada's [Big Six Banks](#) which are some of the best stocks to buy right now, you can practically guarantee millions by the time you retire. You've created solid strategies that will last a lifetime, on any budget. The younger you are, the better. So don't wait around. Invest today, and check out further Motley Fool options to create a diversified portfolio that could bring in even more [millions](#) for your retirement goals.

CATEGORY

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