



Here's How \$500 a Month in Savings Could Grow to \$1 Million in Just 25 Years

Description

If you want to grow your savings as efficiently as possible, there are a few tips to keep in mind. One of the most important factors when it comes to saving and investing your money is giving yourself the longest timeline possible.

Giving yourself more time to [compound your money](#) will be the single best advantage you have. The longer you have to invest, the more time your money has to work, which ultimately means the more potential you have.

It means you don't have to take as much risk when looking for returns. Or, if all else stays equal with your long-term investing strategy, having a longer timeline can allow you to grow your money a lot more. But we'll get to that later.

In addition to giving yourself as much time as possible to compound your money, utilizing registered accounts such as the [TFSA](#) will also be crucial. You can earn a lot more if you can compound all your money rather than only a percentage of your money after taxes are taken.

With as little as \$500 a month, you could grow your portfolio to \$1 million in 25 years on just \$150,000 in savings. Here's how.

How your savings can grow to \$1 million

The first step is saving as much money as possible. The more you can save and begin to invest as early as possible, the higher your ultimate potential will be.

For investors who can save \$500 a month, that's a great start. It works out to about \$6,000 a year and gives you some solid starting capital to build your portfolio and begin to grow your savings.

The most important factor, though, will be investing in high-quality stocks. These are businesses that will consistently grow your money over the long run while protecting it during periods of short-term volatility.

Having a long-term investing horizon and buying the highest-quality stocks to hold for years will be the key to growing your savings as quickly and efficiently as possible. But what kind of returns would you have to earn to make \$1 million in 25 years?

If you started with \$0 today and saved \$500 a month for 25 years, you would need to grow your savings at a compounded annual growth rate (CAGR) of 12.4%.

Earlier, we talked about how giving yourself a longer timeline for investing was one of the most important factors. For example, if you take the above example but give yourself 35 years to grow your savings, your portfolio total would be over \$3.5 million.

Those extra 10 years would allow your money to compound so rapidly that you would earn an additional \$2.5 million.

Furthermore, if you had 35 years and only wanted to get to \$1 million, you would need to earn a CAGR of just 7.5%, which would be much easier to achieve than 12.4%. This goes to show just how important it is to give yourself a long timeline to grow your money.

A high-quality stock to own for decades

While the timeline is crucial to give your savings time to grow and compound, the stocks you buy will ultimately be what grows your money. So, it's crucial to find high-quality businesses you're happy to own for years.

If you're looking for a top stock to buy today, one of the best in Canada is **InterRent REIT** ([TSX:IIP.UN](https://www.tsx.com/stocks/quotes/IIP.UN)).

InterRent is a residential real estate business that's one of the top growth stocks you can buy. For years, the company has earned investors impressive returns, making it an ideal stock to buy and hold if you want to grow your savings.

The impressive growth has come from InterRent's incredible strategy and execution. You can think of the trust as a large-scale home flipping business. The fund buys apartment buildings, then invests in upgrades to improve their value.

It upgrades anything from the interior of suites to common areas and even building amenities. The benefits of these investments are that they increase the value of the assets for investors as well as increase the cash flow they can generate.

This is a high-quality business to be invested in for the long run. So, if you're looking to save and grow your money, it's crucial to start as soon as possible and look for high-quality businesses like InterRent to buy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
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3. Msn
4. Newscred
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