



## 1 Simple Trick to Get Wealthy Without Even Trying

### Description

New investors usually get into investing with one thing in mind: getting rich. But reaching the status of wealthy doesn't simply happen overnight. It's why the first step to becoming wealthy is creating a goal that's combined with a consistent process.

But don't worry; just because you're new to investing doesn't mean it has to be [difficult](#). In fact, even seasoned investors may not consider this one simple trick to getting wealthy. And it's an easy trick that you can set and forget about for decades, allowing you to retire with riches.

### The trick

I don't even know if you can call it a trick, to be honest. It's something I discuss over and over again with friends and family. That tip is to set up automated contributions. These contributions allow you to put cash into your savings account automatically. You can set it up for whatever timing makes sense, but, of course, pay day would be ideal.

You shouldn't just come up with any old number. The last thing you want to do is put yourself in financial straits by trying to save as much as you can. That's why a goal is important. I certainly advise that you meet with a financial advisor to help you figure out how much you should put away. But even if you do that, there are two things you need to make this trick work.

### A TFSA and RRSP

Yes, you definitely need both. Tax-Free Savings Accounts (TFSAs) and Registered Retirement Savings Plans (RRSPs) have benefits for now and later. The TFSA allows you to contribute money every year up to a maximum contribution limit. Right now, that limit sits at \$81,500 if you were 18 in 2009 and haven't contributed anything. As for the RRSP, you can meet limits based on your Notice of Assessment, which brings down your income on your taxes every single year.

The benefit of the TFSA is simple. It's cash you can earn and take out whenever, tax free. For the

RRSP, taking it out is more difficult and can have tax implications, with some exceptions. However, bringing down your taxes each year means you could be put in a new tax bracket, which can save you thousands of dollars that you can use or invest.

## Put it to work

What would it take to reach riches with this trick of automated contributions? Let's say you can afford to put aside about \$1,000 per month towards your investments. That could be \$500 towards your TFSA, and \$500 towards your RRSP each and every month.

A great option would be to put \$500 in your TFSA one paycheque and \$500 in your RRSP the next to start off. You can always increase or decrease the amount, but once your automated [contributions](#) are set up, you can just forget about them!

Let's say you were to make these contributions on a bi-weekly basis, seeing interest rise at a rate of about 6% annually. In this case, you could have a portfolio worth \$1,058,594 in 30 years by simply setting up automated contributions!

## Foolish takeaway

Everyone's income is different. You may not be able to afford \$500 bi-weekly, and that's why meeting with a financial advisor is such a key part of this process. An advisor can help you create a goal, make investments, and help you on your path to riches. Then all you need is this simple trick of automated payments, and you'll be golden for life!

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