



## Millennials: How YOU Can Retire Rich

### Description

Our retirement income includes Canada Pension Plan (CPP) and Old Age Security (OAS) payments. The recent average CPP and OAS monthly payments are about \$727.61 and \$648.67, respectively. Your situation would be very different, because everyone's situation is unique, and the system changes over time.

Your amounts could be higher or lower depending on your CPP contributions during your working years and how long you've lived in Canada. For example, you need to have lived in Canada for at least 10 years since you were 18 years old to be eligible for OAS.

Let's assume you retire today, and you get the average amounts; the total only equates to \$1,376.28 per month, which is not enough to retire comfortably.

It goes to show that millennials need to [save for retirement](#) — the earlier you start, the better.

Millennials are between 25 and 40 years old. Assuming a normal retirement age of 65, you have 25 to 40 years before retirement rolls around. I know there is tonnes going on in life, but consistently saving and putting money away in solid stocks will enrich your retirement.

## How rich can YOU be in retirement?

The table lists various scenarios that assume a millennial starts with \$0 savings. Let's say James has 40 years until retirement and is able to save and invest \$500 a month and compound at 8% per year. He'll contribute the same total amount of \$240,000 as his aunt, Sarah, who has 25 years until retirement and has to save more — \$800 per month is the maximum she can save. If they invest for the same 8% rate of return, James will have \$883,346.90 more than Sarah when he retires.

| Years until retirement | Total Contributions | 8%           | 10%            | 12%            |
|------------------------|---------------------|--------------|----------------|----------------|
| 25 (\$800 per month)   | \$240,000           | \$727,192.77 | \$986,659.92   | \$1,348,965.21 |
| 30 (\$700 per month)   | \$252,000           | \$985,985.41 | \$1,443,990.32 | \$2,136,409.30 |

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|----------------------|-----------|----------------|----------------|----------------|
| 35 (\$600 per month) | \$252,000 | \$1,285,540.55 | \$2,039,274.61 | \$3,275,418.90 |
| 40 (\$500 per month) | \$240,000 | \$1,610,539.67 | \$2,775,174.07 | \$4,850,510.02 |

The middle scenarios are also interesting. They also end up contributing the same amount of \$252,000. But if both millennials are able to land returns of 12% per year, the millennial who [started investing](#) earlier would end up with \$1,139,009.6(!) more when they retire.

## Retiring early

The key takeaway is to save and invest early. The earlier you start, the less you can put away per month for your retirement and still end up retiring rich. Feel free to play with the [Rule of 72](#) to approximate how long it could take you to double your money.

To retire early, you can fundamentally do three things. Save early. Save more. Aim for a higher return. However, keep in mind that the higher a return you aim for, the higher risk you may be taking.

So, if you're going the stock-investing route, I suggest you read at least a book or two about value and dividend investing. For example, I have on my bookshelf *The Single Best Investment* by Lowell Miller and *Get Rich with Dividends* by Marc Lichtenfeld.

Alas, reading about investing and applying that knowledge are very different. If you can get guidance or tips from others who have already walked the path, that'd be wonderful. For example, you can connect with other investors, join investment groups, or find a mentor.

Here are some [dividend stocks](#) you can start reading about as well.

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