



## 3 Ways to Grow \$100,000 Into \$1 Million for Retirement Savings

### Description

When you retire, the money you saved during your working days will earn on your behalf. You can make a million-dollar retirement fund by investing just \$100 every week for 20 years.

### Grow small, regular savings into a \$1 million retirement

The Canada Revenue Agency (CRA) sets an annual investing limit of around \$5,000-\$6,000 on your Tax-Free Savings Account ([TFSA](#)). If you invest \$100 weekly for the next 20 years, your investment amount would grow to \$104,000. Now, you need a portfolio that gives you an average annual return of 20%. This way, you can convert \$100,000 to \$1 million in 20 years.

A 20% average return is possible with regular investing. It takes advantage of bear and bull markets to reduce your average cost per share through dollar-cost averaging. A lower share cost enhances your upside potential and brings higher returns.

For instance, let's say you are bullish on **Magna International** ([TSX:MG](#)) stock and want to buy 15 shares. But the stock is in a bear market and has dipped 31% year to date. A \$100 monthly investment in Magna in January 2022 would have bought you 14 shares at a \$79 average cost. If the stock crosses the \$100 share price, your total returns would be 27%.

If you'd invested \$1,100 in Magna at the start of the year at \$109/share, you would have had to wait for the stock to make a new high of \$138 to earn a 27% return.

### Invest in long-term growth stocks for a \$1 million retirement fund

As I said before, you need average returns of 20% over 20 years to convert \$100,000 into \$1 million. You can secure such high returns by actively investing during growth spurts, like the crypto or pandemic bubble, where your money can double or even triple in a year. Or you can invest in long-

term growth stocks like **Nvidia** ([NASDAQ:NVDA](#)).

How do you determine if a stock is in a long-term growth trend? Look at management's vision and the company's addressable market and invest in stock with a competitive edge. Nvidia's graphics processing units (GPU) are the most advanced GPUs and are leading the artificial intelligence (AI) revolution. The company will also benefit from the autonomous vehicle (AV) revolution and [5G](#) network infrastructure. All these are future growth trends and can drive Nvidia's stock to unprecedented growth for the 2030 decade.

But short-term challenges like the crypto bubble burst and a ban on AI chip exports to China pulled Nvidia's stock down 53%. Now is an opportune time to buy Nvidia stock. It has already surged 30% in 20 days from its October low. You can invest \$2,500 in Nvidia stock now and double or even triple your money in a recovery rally.

Magna is also an opportunistic stock, as it will benefit from the electric vehicle (EV) trend. EV demand is strong, as gasoline prices increase, and nations scramble to achieve energy security. But supply constraints and a lack of EV charging infrastructure have slowed its uptake. As these challenges unfold, Magna could tap the EV momentum and boost its earnings. Until then, the company has a strong enough balance sheet to thrive in a recession.

## Grow returns with dividend reinvestment

Investing all your money in growth stocks is risky. Diversify your portfolio to include dividend stocks to reduce risk and compound returns to the \$ 1 million portfolio.

Now is a crucial time for **BCE** ([TSX:BCE](#)), as its accelerated capital spending program to build 5G infrastructure nears the end. The 5G infrastructure gives BCE an edge over its competitors in an oligopolic market where the top three telecom companies command 90% of the Canadian telecom market share. The 5G opportunity will open up new avenues by offering broadband-like speed to edge devices.

If you opt for a dividend-reinvestment plan ([DRIP](#)) and invest \$100/month in BCE for the next 10 years, you can accumulate 170 shares. After 10 years, these 170 shares can give you \$1,000 in annual dividends that you can collect and invest in growth stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:NVDA (NVIDIA Corporation)
2. TSX:BCE (BCE Inc.)
3. TSX:MG (Magna International Inc.)

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