

Millionaire made easy

What does it take to become a millionaire?

1st May 2024

\$0.90 a day and you'll retire a millionaire

Who as a kid didn't dream of being a millionaire? Well it turns out it isn't that difficult to retire a millionaire. All you need to do is save \$0.90 per day and invest it, and all dividends in the ASX All Ordinaries. If a current 65 year old (or their parents) had followed this rather simply and entirely passive savings strategy, today their portfolio would be worth a little over one million dollars.

\$0.90/day x 65 years = \$1 million

Surprisingly, this return is made with contributions totaling just \$13,773 (the sum of the daily 90c contributions over 65 years), making it a pretty compelling investment. And yes, inflation did contribute given that in 1965 \$0.90 had the same buying power as around \$14 today. That said, the first \$1 put to work on the ASX in May 1964 is now worth \$375.

\$0.90/day x 55 years = \$0.4 million

For readers who's children have already been with them a few years, if you waited until your children was ten before starting the savings program, then by the time they reach 65, they would have just \$400,080. This return from a total investment of \$11,424.

When compounded by 55 years, 10 years (and \$2,349) makes a huge difference. This is best illustrated in Figure 1 below which shows the \$600,000 gap resulting from the 10 year delay.

The implication of delayed savings matches the results we found when looking at the retirement value of superannuation contributions broken down by decade of contribution (see [‘The long game: The eighth wonder of the world’](#) and Figure 2 below).

ASX All Ordinaries

ASX:XAO

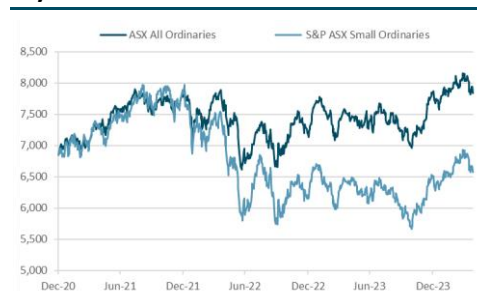
Sector	All All
Num. constituents	497
Date	30-Apr-24
Value	7,907
52 week range	6,939 / 8,168
Market cap	\$2,619b
Yield	3.6%

ASX Small Ordinaries

ASX:XSO

Sector	All
Num. constituents	200
Date	30-Apr-24
Value	3,032
52 week range	2,551 / 3,128
Market cap	\$262b
Yield	2.6%

3-year Price Chart

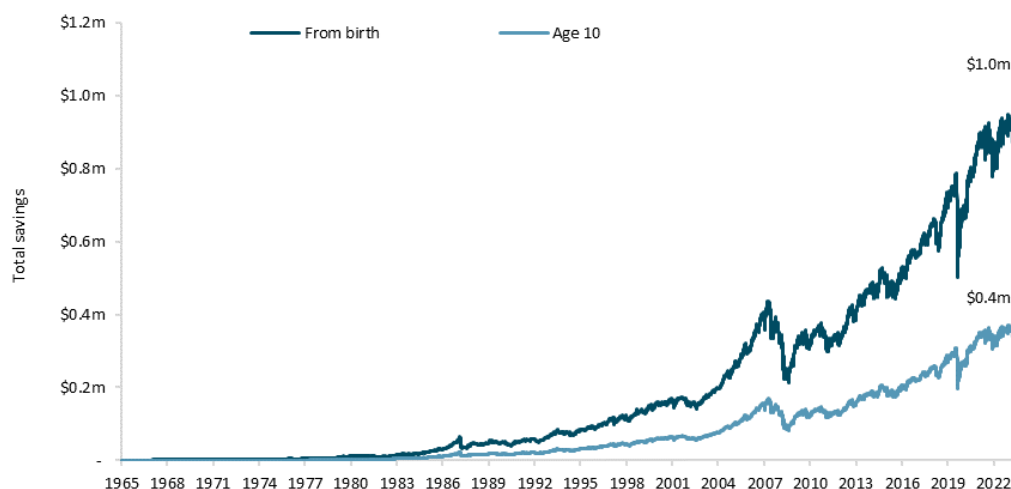


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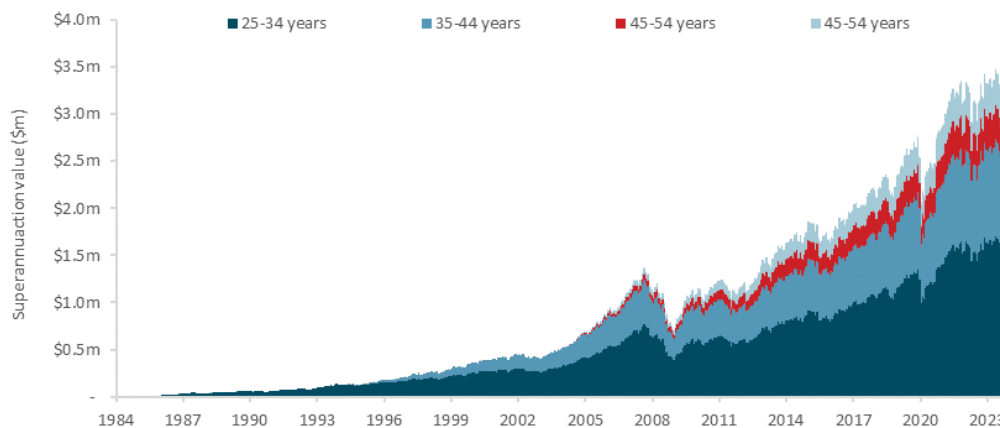
Figure 1: Delaying by 10 years creates a \$600,000 retirement gap



Source: FactSet. Venn Brown

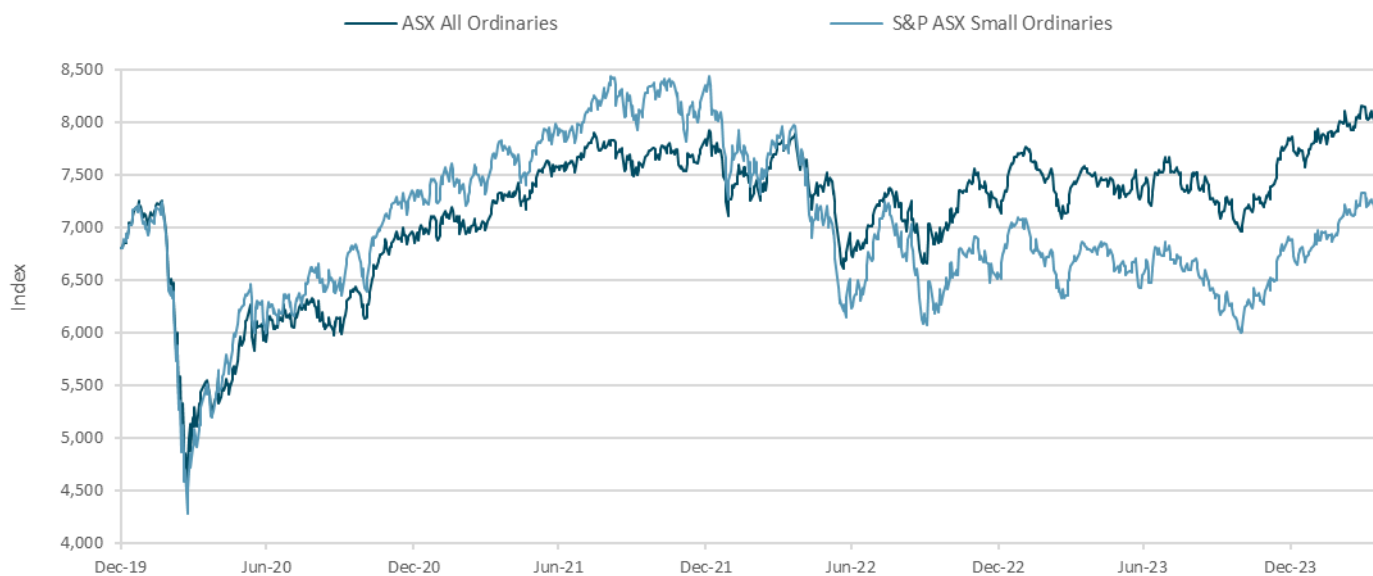
Assuming an Australian earns the average annual income throughout their working life, the contributions the person makes in their first decade of work, aged 25 to 34, represents around 62% of their total superannuation holding at retirement, compared to just 9% made during their peak earning period between ages 45 to 54.

Figure 2: Time in the market far outweighs size initial contributions



Source: FactSet. Venn Brown

Share price performance



Source: Factset

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