

Motley Fool's *Rule Your Retirement* Newsletter

How Long Does It Take to Become a Millionaire?

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A million dollars is still a lot of money. Indeed, it's about [four times the median net worth](#) of people of typical retirement age in the United States. But remarkably, amassing \$1 million is a target that's actually within reach for most Americans -- as long as they start early enough and invest consistently enough with a reasonable strategy.

Three factors are crucial in your quest to become a millionaire: time, the amount you can save, and the rate of return you earn. Of the three, time is the most important, as with enough of it at your disposal it's [almost trivially easy to wind up a millionaire by retirement](#). As a result, starting your journey to millionaire status with a good perspective on how long it takes to get there can give you great motivation to get started now.

So -- just how long does it take?

The following table shows how many years it will take you to reach millionaire status based on how much you can sock away each month and your annualized rate of return. Over the long run, the stock market has delivered returns at a rate [approaching 10% per year](#). While there are no guarantees, history suggests that it may be in the realm of possibility to retire a millionaire simply by investing \$100 a month throughout a 45-year career.

Monthly Savings	Years to \$1 Million With 10% Annual Returns	Years to \$1 Million With 8% Annual Returns	Years to \$1 Million With 6% Annual Returns	Years to \$1 Million With 4% Annual Returns	Years to \$1 Million With 2% Annual Returns
\$100.00	44.5	52.9	65.7	88.6	143.7
\$300.00	33.7	39.4	48.0	62.5	94.1
\$500.00	28.8	33.4	40.1	51.0	73.4
\$1,000.00	22.4	25.5	29.9	36.7	49.1
\$1,583.33	18.4	20.7	23.8	28.4	36.0
\$2,083.33	16.2	18.0	20.4	23.9	29.4
\$3,166.66	13.0	14.2	15.8	18.0	21.2
\$4,166.66	11.0	12.0	13.2	14.7	16.8

DATA SOURCE: AUTHOR.

Of course, as most of us progress through our careers, raises make it possible to sock away a little bit more each payday, giving us a better chance of reaching millionaire status that much sooner.

The other monthly savings amounts in the table are based on the current annual contribution limits to employer-sponsored retirement plans like 401(k) plans and IRAs. Most people under 50 are permitted to sock away up to \$19,000 per year in their 401(k)s and \$6,000 in their IRAs. Turning those numbers into a monthly savings amount shows exactly where the larger dollar amounts in that first table came from:

Monthly Amount	Where It Came From
\$4,166.66	Married couple, each maxing out a 401(k) and IRA
\$3,166.66	Married couple, each maxing out a 401(k)
\$2,083.33	Single person, maxing out a 401(k) and IRA
\$1,583.33	Single person, maxing out a 401(k)

DATA SOURCE: AUTHOR.

The clear trade-off between time and money

The other thing to note about that first table is how starkly it shows the inverse relationship between time and money. The more money you have, the less time you need, while the more time you have, the more you benefit from the rate of return you're able to earn along the way. For instance, if you're saving \$100 a month, there's almost a century's difference in how long it takes to reach \$1 million depending on whether you earn 10% or 2% returns. If you're saving \$4,166.66 a month, the difference is only about six years.

In practical terms, what that means is that the longer your time frame, the more you can take advantage of having your money compound in stocks for you to reach your goal. The shorter your time frame, the more you need to depend on saving a whole bunch of money every month to make it to millionaire status. So get started now, and take as much advantage as you can of the time you have available to let compounding work its magic for you.