



How to Invest Successfully by Starting With a Plan

Description

It doesn't cut it to say you want to earn more money with your money. That's too general.

To invest successfully in the stock market, you should have a plan that outlines what you will invest in, in what situations you will invest, and the sell criteria.

It doesn't matter if the plan will change. What matters is that you have a plan.

An investor with no plan

When I started investing, I had no plan. I "invested" in everything from mining stocks to energy stocks to technology stocks, and I had no idea when I should sell for gains or when to cut losses.

In fact, I did not record my results initially. It was disastrous because I didn't know how much I was paying in trading fees and my net result was a loss.

So, the first thing to do is always to track the results of your actions, including buys, sells, and dividends received every month, quarter, and year.

An investor with an income plan

If you're looking for income to help pay your bills, you can focus on dividend stocks. Banks, utilities, telecoms, and real estate investment trusts generally generate stable earnings or cash flows to pay steady dividends.

Because you want current income, you might only buy stocks that pay a yield of at least 4%. Stocks that are inexpensive today with this characteristic include **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), which yields 4.4%, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)), which yields 5.1%, and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)), which yields 4.6%, and **Plaza Retail REIT** ([TSX:PLZ.UN](#)), which yields 5.4%.

If an investor buys \$10,000 of shares in each of these stocks, they'd end up with a diversified portfolio

with an average yield of almost 4.9%. So, for a portfolio that's originally worth \$40,000, the investor will get an income of \$1,950 per year.

And that income should grow every year thereafter as all of these companies tend to increase their dividends every year.

Going one step further, the investor can target, say, a 7% income growth per year for their income portfolio.

Summary

Make sure you know what you want out of each investment and your portfolio as a whole.

Record your actions as soon as they happen and your results every quarter, so you know what works for you and what doesn't, so you can tweak your plan to improve your success.

Learning from other people's experiences and from trial and error will allow you to find an investing strategy and plan that's unique to you, so you can pave your own investment success story.

Lastly, don't expect to win every time, but do aim to win more than you lose, reflect and learn from mistakes, and you'll do fine in the long term.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:TU (TELUS)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:PLZ.UN (Plaza Retail REIT)
7. TSX:T (TELUS)

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