



How to Start Investing RSP Money

Description

The fabulous news about investing is that no matter a person's age, it is never too late to begin paying attention to the investing landscape in the hope of becoming a better investor. The Retirement Savings Plan (RSP) deadline is fast approaching; for investors, this is the busiest and most exciting time of the year.

For new investors, there are two very popular approaches to investing for the first time.

The first approach is to buy stock in companies you like. Following this approach, a number of investors have purchased shares in companies such as **Facebook Inc.** or **Twitter Inc.**, oftentimes at the time of the initial public offering (IPO). Although a long-term investment in Facebook would have worked out very well for investors, the reality is, buying shares at the time of an IPO is not the best way to achieve above-average results.

The downfall of investing in companies consumers find "cool" is that the fad often runs out much too quickly. An excellent example of this is the company **GoPro Inc.**, which, soon after the IPO in 2014, reached a high in excess of \$80 per share; it currently trades for less than \$8. This investment has clearly not worked out for investors.

The second approach to investing for beginners is to purchase stocks in traditional blue-chip stocks. Although this approach has been practiced for a long time, most young people still think about this method to investing as "boring."

The upside for investors opting for the blue-chip approach is the proven track record of many of these companies in profitability, but, more importantly, in regards to the dividends paid to investors. Take **Jean Coutu Group PJC Inc.** (TSX:PJC.A) as an example; shares have increased by approximately 55% over the past five years in addition to investors receiving dividends on a quarterly basis. Currently, the dividend yield is approximately 2.3%.

For those not in the know, Jean Coutu is a pharmacy based in Quebec which has incredible brand recognition among consumer and suppliers. An added bonus is that the company is defensive, meaning revenues and profits will be less affected by changes in the economic cycle. Consumers will

continue to purchase what is needed from the drug store during a recession.

Although this company will not offer the excitement of an IPO or new technology, the reality is, by choosing the less-risky path, investors give themselves a much higher probability of reasonable success instead of a smaller chance at making much larger gains, such as with the more exciting technology companies.

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Author

ryangoldsman

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