How to Grow Your Money

Description

The earlier you start saving and investing, the better, because your investments will have time to grow. You work hard for your money. Why shouldn't your money work hard for you?

The amount you save and invest isn't as important as starting the habit of saving and investing. That said, the more you save and invest early on, the bigger the sum of money you should have over time.

If you save and invest $50 a month for a reasonable return of 8% per year, your savings will grow to $29,451 in 20 years. If you invest $100 a month and get the same rate of return, it'll grow to $58,902. If you invest $500 a month, it'll grow to $294,510. In all of these cases, nearly 41% of the end sum came from your savings per month.

The earlier you are on your investment journey, the more important the amount of your savings is. Of course, the more you save, the more you'll have in the future.

What should you invest in?

If you invest in safe dividend-growth investments with growth potential, it's actually not difficult to get an 8% rate of return (given that you pay a reasonable valuation for the stocks). It's just a matter of if you'll be able to hold on to the stock as it bobs up and down.

After pulling back about 6% from its recent high, **Pembina Pipeline Corp.** (TSX:PPL)(NYSE:PBA) is a decent value. After acquiring Veresen, analysts think Pembina will grow its profitability by at least 16% per year for the next three to five years. The stock offers good value, as it trades at a multiple of roughly 13.2.

In fact, the analyst consensus from **Thomson Reuters** has a 12-month price target of $51.10 per share on the stock, which represents more than 19% upside potential from Friday's closing price of $42.80 per share. On top of price appreciation, buyers today also get a safe and juicy 5% yield to wait. So, the stock's near-term total returns potential is more than 24%!

What if you already own many high yielders?

You'll notice that many high-yield and relatively high-debt dividend-growth stocks have pulled back lately, as interest rates are expected to continue rising this year.

If high-yield stocks already make up a big part of your portfolio, you may require a bigger margin of safety before you're willing to buy more shares in a rising-rate environment.

This is a friendly reminder that you don't have to invest all your money. Having dry powder when there are bargains on the market is very helpful. In a given month, if there isn't something that you think is worth buying, you should not feel pressured to buy anything.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/06
Date Created
2018/01/29
Author
kayng