



Think You Don't Earn Enough To Invest In Dividend Stocks? Read This Now

Description

For many people, generating a second income through buying dividend stocks may seem to be an unrealistic aim. After all, they may feel that the cost of buying and selling stocks makes it prohibitively expensive given their income level. And with there being such a wide range of stocks available on indexes around the globe, working out where to start investing may also be tough.

The reality, though, is that anyone can now generate a second income stream through dividend stocks. Here's why now could be a good time to start.

Charges

The internet has fundamentally changed the investment industry. In terms of fees, it has undoubtedly been a positive thing. While in the past investors may have been required to pay a percentage of the amount invested alongside a minimum charge, today online sharedealing can be undertaken at a relatively low flat fee.

Furthermore, aggregated orders mean that some online sharedealing providers will include a range of client orders in the same security in order to reduce their own costs, which are then passed on to investors. Although this reduces the control an investor has over when their trades are undertaken, for long-term investors it is unlikely to make a large difference to their overall returns.

Therefore, it is possible for smaller investors who in previous years may have been priced out of the stock market to build an income portfolio. Doing so via a few clicks of a mouse makes that process even simpler and less time consuming.

Stock selection

The internet has also helped to level the playing field when it comes to deciding where to invest. Today, it is possible for small investors to access the same level of information as seasoned investors, since a large proportion of it is available over the internet for free.

For example, an investor can obtain annual reports going back a number of years in order to determine the reliability of a company's dividends. There are also various websites available which provide guidance on how affordable a stock's income returns may be in future given its profit forecasts. And with it being possible to reinvest dividends with minimal charges through sharedealing providers, it is perhaps easier than ever to capitalise on the potential which compounding provides over a long time period.

Income potential

As a result, it is possible for almost anyone to put in place a portfolio of dividend stocks. Doing so can be relatively cheap, while the information on where to invest is readily available online.

Of course, this does not necessarily mean that being a dividend investor is now easier than it has been in the past. The world economy faces a number of risks such as a rising US interest rate and a possible trade war between the US and China. Therefore, even dividend stocks may experience an uncertain period.

However, they have historically delivered sound returns for investors who have continued to buy through challenging periods for the world economy, and held on long enough to reap the rewards.

CATEGORY

1. Investing

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/08/25

Date Created

2019/02/15

Author

peterstephens

default watermark