1 Myth Every Investor Gets Wrong

Description

No investor is safe. This myth hits us all at some point or another, likely very early on in our investing careers. Whether you're a millennial, a retiree, or somewhere in between, this myth has likely already caused you to lose out on gains if only for a short period of time.

The myth? You need to be rich to invest.

It's just simply and completely untrue. What an investor is likely mistaking for not being *rich* enough to invest is not being *organized* enough to invest. Whether you have $500 per month to put aside or $5, either number adds up over a significant amount of time. So what do you really have? Excuses.

I have student debts to pay. My kids are getting married. I'm expecting a child.

As someone who hits two of these excuses, I can tell you that while it can feel difficult in the beginning, it is always the right move to put even a little bit away. So let's look at how you can do that.

First off, what investors need to have is a goal. How much is left on those student debts you need to pay off? You can use that as a near-term goal that will help guide your investment needs.

Or, if you have no debts or excuses and are just looking for money to have in retirement, then what do you earn now?

What would you need to make in order to have enough cash on hand for the next 20 years after you retire? That can also be a goal worth considering.

Next up, you'll need to look at what you earn and make some decisions. If you have debt, you should already be putting automatic payments towards that debt each with every pay cheque so you don't even have to think about it.

The same thing goes for investing. A great starting point is 5% to 10% of your pay cheque. Even if you make minimum wage and work full time, that's $31,176 before taxes and about $26,499.60 after taxes.

If you were to put away even the minimum each month, that would be $110 every month toward an investment. That's a fantastic start!

Of course, you have to choose the right investments, which is where things get tricky. If you have a bank account, however, then you have a banker, who should be taking you through all of these steps — and this one as well. If you're looking to start off conservatively, then it's important to choose a stock that matches that goal.

A great option to bring up with your banker would be the **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB). This exchange-traded fund (ETF) has proven to do well even during the worst of times.

While you may not see the huge jumps that you might with other stocks, what you will see is a slow and steady rise of BMO that will keep your investments in check. That's because an ETF is managed by analysts who do the heavy lifting for you, choosing stocks that offer very little risk and mainly stay on the steady upward track.

Also, this BMO ETF offers dividends. Those dividends are pure cash that can be put right back into your investment, bringing up your bottom line significantly over time. For BMO, the current yield sits at 2.43%, so that's certainly a strong start.

Best of all, BMO is inexpensive. The share price sits at $34.50 as of writing, meaning that if you took that $110, you could buy three stocks today.

Year to date, those shares have grown by 19.6%. If that continues, those three shares worth $103 could be worth $123.79 by the end of the year. While that may seem small to begin with, it's a slow and steady process — and that also doesn't include your continued monthly investments.

So put this myth to rest and start investing today. Meeting with your banker is an excellent place to start.

CATEGORY

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2. Stocks for Beginners

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