



Why Your Investing Goal Shouldn't Be \$1,000,000

Description

The million-dollar-mark has become the “go-to” investment number for people starting out their portfolios. Walking away with \$1 million by the time you retire can seem almost too good to be true.

But as an investor there are a few things that you should be considering before choosing a number. In fact, let's debunk the \$1 million goal right now.

As of 2016, the average Canadian investor will live to be about 85 years old. That means when you retire at 65, you will have about 20 years that need to be paid for through your investments and other savings.

With \$1 million, that will give you \$50,000 per year to work with. That can seem like a lot, especially if you are in a lower income bracket right now. However, you have to take into consideration things like inflation, raises, and other necessary points that will mean you need more for your daily living expenses. That means \$1 million will be looking [fairly scant](#) in 20 or 30 years' time.

As well, making your investment goals based on such around number as \$1 million can be problematic. Instead, you should be deciding what that money is going to be used for. Are you hoping to get married? Have children? Pay off student debts? Or retire early?

All of these debts create different investment goals with different numbers attached to them. In fact, for many Canadians, all of these debts will happen at one time or another.

That means what started out as \$50,000 per year over 20 years is cut back significantly after you use your investments to pay off debts. You might need \$100,000 to pay off student loans. Your child's education then comes into play.

You bought your dream home, had an amazing wedding, and did a million other different things where you use your investments to pay for those projects.

Soon enough, those 20 years are cut back to maybe 10 years, which means that you're going to need a lot more than \$1 million if you're hoping to have the same standard of living as you have enjoyed for

the last 20 or 30 years.

While you may think that you need to make some riskier investment choices to get higher rewards, I would not go down that path. Instead, I would choose stocks that offer both security and strong growth and ideally some dividends that can be reinvested to put towards your investment goals.

Two great options for the **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), and the **BMO Low Volatility Canadian Equity ETF** ([TSX:ZLB](#)). Both stocks have had a strong increase in share price that has remained relatively steady over the last few years. In the case of TD Bank, the last dip was during the last recession.

Since then, TD Bank has increased its presence in the [United States](#) significantly. It is now one of the top 10 banks in the United States and is only in the beginning of its expansion.

TD Bank has also expanded into the wealth and commercial management industries, which should prove highly lucrative for the company. This should leave investors confident that its already stable growth should continue for the foreseeable future; it also offers a strong dividend that investors can use to reinvest into their portfolios.

Meanwhile, BMO offers an incredibly stable, albeit not very exciting way to make your funds over the next few decades. While the ETF likely won't see any major jumps in share price, it also won't see any major dips.

That's because management has focused on low volatility stocks that will continue to increase in a price no matter what the markets do. The company also offers a dividend yield that investors can use to put back into their portfolios.

Both banks therefore offer ways to get free cash that you can use to reinvest when you need the other cash to pay off your debts.

The bottom line here is that while \$1 million shouldn't be your goal, you should have a goal in mind when starting an investment portfolio. Talking to your financial advisor at your banking institution is a great place to start to find out what that might be.

CATEGORY

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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)
3. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

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