
Millennials: Know the Difference Between Saving and Investing

### Description

Millennials are good at saving money but have yet to fully embrace the habit of investing and the financial benefits that go with it. The terms *saving* and *investing* are interchangeable, but there's a difference.



When you are saving, you're after liquidity. You have the money to withdraw anytime. The money you have set aside is also for emergencies or other unforeseen expenses.

Investing is when you want your money or savings to grow. The usual recourse is to buy assets such as stocks that will help you achieve your financial objectives.

## From idle to working money

I'm not against saving money, and millennials are admirable because they save more compared with the older generations. However, you should also consider that hoarding cash bears no fruit. When you withdraw from your savings, the money that comes out has no chances of returning.

Likewise, there's the temptation to spend on things of no value. If you keep cash in a savings account, it remains idle with negligible interest earnings. Unlike when you use the money to purchase a stock like **Keyera** (TSX:KEY), your money can work for you.

Keyera is a $6.5 billion oil and gas midstream company that has been operating since 1998. It's also one of the largest companies in the industry. Throughout its existence, Keyera has been able to build and develop a reputation and expertise in operating sophisticated energy-processing facilities.

The assets of the company consist of two business segments, namely the gathering and processing (G&P) and liquids infrastructure. The first segment has about 4,000 kilometres of pipelines that facilitate the movement of raw and natural gas liquids. The second is one of four critical hubs in North America used for storage.

Over the last four years, the top and bottom lines have been increasing. The same thing will happen to your money, as the stock pays a high dividend of 6.36%. If you don't have an immediate need for your cash, your investment can double in a little over 11 years.

## Benefits of investing

If you have a long-term financial goal, it will take an eternity for your savings to grow. **Laurentian Bank of Canada** (TSX:LB), for instance, is not among the Big Five banks in Canada, yet many TFSA and RRSP users own the stock.

This $1.94 billion bank counts as one of the most attractive financial stocks, because it has a dividend-growth streak of 11 years. It yields almost 6% today, which is one of the highest, if not *the* highest, in the banking sector.

A significant benefit of investing is the possibility of achieving financial independence earlier than your peers and the option to retire early. You can't accomplish both if you keep saving money but not aren't working it to make grow. Take advantage while you're young. If you have a 20-25-year time period, invest as soon as possible.

## Constant money flow



In my view, more savings means more cash outflows, because nothing will stop you from spending. Meanwhile, investing is money flowing in, especially if own high-yield dividend stocks like Keyera and Laurentian Bank. It's obvious where you will benefit the most between saving and investing.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

**TICKERS GLOBAL**

1. TSX:KEY (Keyera Corp.)
2. TSX:LB (Laurentian Bank of Canada)

**PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Bank Stocks
2. Dividend Stocks

3. Energy Stocks
4. Investing

**Date**
2025/07/01
**Date Created**
2019/10/25
**Author**
cliew