Here’s How to Start Investing, Even If You Don’t Have the Time

Description

Have you ever considered starting to invest your money, but didn’t think you had the time? While it’s true that investing requires a certain level of research and due diligence before making investments (which can be time-consuming), it’s not the only way to invest.

When most people think about putting money in the stock market, the immediate thought that comes to mind is stock picking. While buying individual stocks for your portfolio can be a great way to earn an attractive return on your capital, it only works if you have the time to do the proper research.

If you don’t have the time, you’ll still want to invest your money, but rather than buying stocks, you can let professional fund managers handle the money by buying exchange-traded funds (ETFs).

In 2020, there are numerous ETFs on the market, each one offering investors different exposure and each competing with each other for investors’ money, which has helped to drive management fees down considerably, making it the perfect holding for investors without much time for research.

If you have a little time, you may want to research different sector ETFs or emerging market ETFs to see how you want to invest your money and diversify it in various industries and markets worldwide.

If you don’t even have the time for that, fear not, as you can just buy an index fund, which were made to track the broader market and have proven to be a highly successful investing strategy when especially when employing it long term.

This is the ideal choice for someone without any time to do any research and an example of one of the most popular index ETFs in Canada is the **iShares S&P/TSX 60 Index ETF**.

While the ETF tracks the TSX 60, a group of the largest stocks on the TSX from each of the 10 industries, it can be heavily weighted to certain industries, such as banking stocks which make up three of the top five holdings and a total of 36% of the entire fund.

Much of that has to do with how the TSX is weighted, so you may want to buy an ETF like the **iShares Core S&P 500 Index ETF** (CAD HEDGED).

This ETF would give investors exposure to the **S&P 500** while hedging your Canadian dollars so you don't have to worry about any changes in the exchange rate.

In addition, because the ETF is a Canadian ETF you could own the fund in your TFSA and receive the dividend tax free as opposed to owning an American stock or ETF in your TFSA, which would leave you subject to a withholding tax.

You may also decide you want more exposure to a certain industries such as tech stocks, so you can find tech ETFs to buy.

Rather than a specific industry, you may just want to expose yourself to a higher yield than the TSX 60 ETF pays, which is roughly 2.8% today. If you wanted a higher yield, you should choose a high-yield ETF that only invests in companies with higher than average yields.

The possibilities are essentially endless, which is why investors don't need a whole lot of time to do their research and begin investing today.

Over time, once you've become more comfortable with investing, and you find more time to do research, you can then begin to mix ETFs with specific stocks.

ETFs are an easy and passive way for investors to grow their money significantly over the long term; the only advantage that individual stocks have is the ability to grow in price much faster than an ETF, especially if something significant has happened to its industry.

Otherwise ETFs are great for long-term investors, as they offer stock picking from professionals, provide considerable diversification and most important, the fees that most funds charge are reasonable.

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