



No Savings at 50? You Can Retire on a Rising Passive Income Without Winning the Lottery

Description

Winning the lottery is not the only potential solution to having no retirement savings at age 50. Investing in the stock market could allow you to gradually build a nest egg from which a passive income can be drawn in older age.

Through regularly investing in a [diverse range of stocks](#), you could significantly improve your financial prospects in older age. The stock market has a strong track record of growth, and offers a much higher chance of enjoying a rising passive income compared to the odds of winning the lottery.

Stock market appeal

The history of the stock market shows that it has outperformed other mainstream assets such as cash and bonds over the long run. Certainly, it has experienced challenging periods. But investors who have invested in a range of companies and held them over the long run have generally posted impressive total returns.

Looking ahead, the stock market could offer continued long-term growth. Many of its members do not appear to trade on high valuations at the present time – especially since the world economy is forecast to deliver an impressive rate of growth in the coming years. As such, focusing your capital on equities could prove to be a sound move which leads to an improving financial outcome in retirement.

Regular investing

While investing a lump sum in shares could be a shrewd move, many people will not have a large amount of capital initially available to buy stocks. As such, setting up a regular investment could be a good idea. This can be undertaken through a range of online sharedealing providers, and in many cases offers a lower rate of commission than standalone trades.

As well as lower costs, regular investing enables you to capitalise on the cyclical nature of the stock market.

In other words, there are likely to be periods of time over the long run where the valuations of companies are relatively low. Through buying on a regular basis, you can take advantage of low valuations that have historically only lasted for a relatively short period of time. This strategy may increase your return potential, and could lead to a larger nest egg in retirement.

Start today

Setting up a regular investment in shares is a relatively straightforward process that can be completed online in a matter of minutes. Today could be a great time to start. It will allow compounding as much time as possible to positively impact on your returns. In addition, many stocks currently trade at discounts to their intrinsic values. Investors appear to be cautious about the prospects for the world economy, which may mean there are wide margins of safety on offer.

With the stock market having delivered a high-single digit annualised return in the past, it could be a sound means through which to build a retirement nest egg. It may not offer the potential to make millions in a short space of time, as per the lottery, but is likely to be a more successful means of retirement planning for most people.

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