



Invest \$500 a Month for 15 Years and Get \$250,000

Description

Investing for your financial goals is much like the story of the tortoise and the hare. The tortoise is slow but determined to take step after step to ultimately achieve his goal. The hare is fast and snickers at the tortoise's speed. The hare is so confident he'll win the race that he takes a nap. Eventually, the tortoise wins.

Slow and steady wins the race.

Don't underestimate your regular savings. Saving even just \$10 a week amounts to \$520 a year. If you're able to save and invest, say, \$500 a month, boy, will that make a huge impact on your financial life!

Invest \$500 a month for 15 years and get to \$250,000

Saving \$500 per month equates to \$6,000 a year and \$90,000 in 15 years. Investing your savings in the stock market will grow that little fortune into big fortune.

Normally, investors can get long-term market returns of about 7% from the **TSX index**. However, because the market crashed and is still relatively low, investments today can deliver even higher returns!

Here are some stocks that you should highly consider. It's well within reason to expect the stocks of **Alimentation Couche-Tard** (TSX:ATD.B) and **Open Text** (TSX:OTEX)([NASDAQ:OTEX](#)) to deliver annualized total returns of 10-15% (if not greater) over the next five years.

Both companies use an M&A strategy as a key pillar for growth and have done so with tremendous success. They generate substantial free cash flow. Therefore, they can make fitting acquisitions as they see fit.

Since 2012, well after the last economic downturn, so there's no bias, Couche-Tard stock has delivered returns of more than 27% per year, while it was 19% for Open Text. Both returns greatly beat

the North American market returns.

Assuming you invest \$6,000 each year in the stocks and get returns of 12% per year, you'd end up with \$250,519 in 15 years! That'd be \$160,519 on top of the \$90,000 you contributed over the years.

Invest \$500 a month in high-yield dividend stocks

Couche-Tard and Open Text pay dividends, but their yields are tiny at 0.7% and 1.8%, respectively. Investors can also aim for 12% returns from [higher-yielding dividend stocks](#) thanks to the market crash.

For instance, **BNS** stock offers a 6.8% yield at writing. The big bank's payout ratio is about 52%, and its earnings are very stable. So, it's highly likely that it'll maintain or increase its dividend through this economic downturn.

Moreover, at about \$53 per share at writing, BNS stock trades at a substantial discount of roughly 35% from where it can normally trade. Assuming long-term growth of about 5%, the bank stock can actually deliver returns of 13-15% over the next five years.

The Foolish takeaway

Investors can complement their high-growth stocks with [high-yield stocks](#). The market crash that we're in provides long-term investment opportunities in both types of investments.

By saving and investing regularly in proven growth stocks like Couche-Tard and Open Text, and safe dividend stocks like BNS stock, investors are setting themselves up for vast wealth down the road.

By investing \$500 a month (i.e., \$6,000) a year and getting 12% annualized returns, you'll arrive at \$250,519 in 15 years. In the current bear market, investors should push to put down more than \$500 a month in their retirement fund, because there's a greater chance of even higher returns.

Remember to invest in quality businesses!

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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5. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:OTEX (Open Text Corporation)

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