The Number 1 Retirement Mistake You Could Be Making Today

Description

If there's one thing investors looking to retire want, it's security. You want to be sure your funds will be safe and available for when you need them. However, there is a big difference between making risky investments and having zero risk all together. Zero risk means you're practically see zero reward as well. That's a retirement mistake you don't want to make.

While GICs and bonds can seem like a safe bet, you'll barely be receiving the inflation rate by investing in these stocks. Instead, putting your funds in stocks can be a far better opportunity to holding in stocks. Especially now, with interest rates so low and the market ready for another dip.

If you decide to invest long term, even some of the riskier stocks should provide significantly higher a return than the bonds you originally invested in. All it takes is some patience and the realization that you don't want to make this retirement mistake. It could severely hurt your bottom line when you need that cash on hand.

Read: Return

Historically speaking, most stocks on the TSX have a track record of outperforming the rate of inflation by leaps and bounds over a number of years, even decades. If you're purchasing multiple companies, that leaves you with an even bigger chance of outperforming inflation. A diverse portfolio means you have plenty of stocks to fall back on, even during a downturn.

If you then keep watching these stocks over the following years, you should be reinvesting when the opportunity strikes. All you have to do is create alerts for when the share price gets to a point you're comfortable buying in at again. Then, once shares take off again, you'll be able to see your returns soar even higher. This will create a comfortable nest egg long term.

The risks

Of course, when you invest in stocks, there is always a risk. Especially right now. There are likely to be multiple downturns during the next year or so, because of the economic situation around the world coupled with the pandemic. So, it could be a while before you see true growth.

However, there are a few opportunities to be had even now. The tech industry has been a safe haven that no one saw coming. With many people working from home, cybersecurity has become a necessity rather than just a possibility. It's made companies like **BlackBerry** (TSX:BB)(NYSE:BB) a viable option again. The company has seen huge growth in its client base, and this is likely to continue growing for years to come, with companies as big as **Toyota** using its cybersecurity software. With sales expected to increase by 11% year over year in the next year alone, this could be a great bet with some risk and high reward.

Reward over risk

As an investor you should never take on more risk than you're comfortable with. But if you're looking to retire, you don't want to make the retirement mistake of having no risk. In fact, even GICs and bonds provide some risk, as these investments can still fall in value rather than through losses. So, don't think your retirement money is completely safe by investing in them.

Instead, looking for companies that provide some risk and high rewards can be a great option to add to your diverse portfolio. While you might lose some money in the short run, if you're able to hold onto these riskier stocks for years, even decades, the likelihood of you seeing huge rewards should skyrocket by the time you need the cash.

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