



## Your Reserve Will Grow This Big by Investing Just \$500 a Month

### Description

Indeed, saving and investing \$500 a month will not be as easy for some as it would be for others. But it's worth noting that investing a small amount regularly can create a big reserve over the long term.

### Why long-term investing

Many investors avoid the stock market because of its unpredictability and volatility. However, these risks get evened out to a large extent while investing for the long term.

But how long is *really* long-term?

That's a question with no simple answer!

Anything more than a year can be considered a long term while investing. But empirical evidence has proved that the longer you remain invested, the higher will be your fortune.

The legendary investor Warren Buffett had his net worth of US\$40 million when he was 40. He remained invested all these years, and today, after 50 years, the number has grown to more than US\$80 billion.

Millennials can start investing by keeping the investment horizon for their retirement. If you are 30 and are planning to retire by 60, you have 30 years of time to invest.

If you invest \$500 per month all these years in a **TSX** stocks that returns 10% annually, how much will your reserve grow to?

You will accumulate \$1,000,000 at the time of retirement. A million-dollar retirement fund will be quite a feat by investing just \$500 a month.

If one wants a higher reserve, they can consider increasing monthly investment. One can also increase this reserve in the same timeframe by investing their windfall gains like dividends or bonuses.

The historical performance of stocks does not guarantee future performance. However, stocks have been the hands-down winner compared to any other asset classes in the long term.

For some years, the high-quality stock you pick might return 15% while it could fall in some years. However, staying invested for the longer-term plays a major role here, which increases the potential for higher returns and [bigger fortune](#).

## Top TSX stocks for long term

Investors can consider top utility stock **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) for stable long-term returns. It has returned 13% in the last two decades. If you had saved and invested \$500 per month in Fortis since 2000, you would be sitting on \$485,000 today, including dividends.

Utilities like Fortis operate in a highly regulated environment and provide unmatched portfolio stability. Even in economic downturns, they keep on generating stable earnings and pay stable dividends. Fortis increased dividends in the 2008 financial crisis as well as during the COVID-19 pandemic this year.

Technology stocks generally are riskier but offer higher return potential. Investors can consider tech titan **Constellation Software** ([TSX:CSU](#)) for this strategy. It has returned almost 40% annually since its IPO in 2006. If you had invested \$500 a month in this stock since 2006, you would be sitting on a reserve of more than \$1.2 million today.

Tech companies earn higher profit margins and thus offer higher returns. Constellation Software [acquires](#) smaller tech companies that have a leadership position in niche markets. It has seen superior growth due to a streak of fruitful acquisitions and a growing addressable market.

## Bottom line

You can diversify your monthly investments with aggressive growth stocks like Constellation Software or defensive, safe stocks like Fortis. The gist is disciplined investing for a longer-term substantially increases your probability of retiring wealthy.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CSU (Constellation Software Inc.)

3. TSX:FTS (Fortis Inc.)

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