



Warren Buffett's Advice on Personal Finance Is Brilliant!

Description

Warren Buffett is widely known as one of the greatest investors ever. The Oracle of Omaha has made incredible returns over his career, but what's most impressive is the sheer consistency of his incredible investment returns.

Over five decades, Buffett has earned a compounded annual growth rate of nearly 20%. Returns like that don't just happen by accident. It's a combination of his knowledge, investment strategy but, most importantly, his discipline.

This incredible performance and significant returns have a lot to do with why investors revere Warren Buffett. However, it's also because of the constructive advice he has offered investors over the years.

Buffett has earned massive returns for investors of his company, **Berkshire Hathaway**. However, the gains he has helped retail investors to achieve themselves are invaluable.

In addition to the beneficial advice he has given on investing, Buffett has also offered priceless advice on personal finance.

Think about your personal finances like Warren Buffett

Buffett was once asked what the best investment a person could make at the time. After asking the individual a few personal finances questions, it became clear that the would-be investor had a significant sum of credit card debt.

Immediately, Buffett's only advice was to pay off the credit card debt before doing anything else. He explained that while he could suggest a stock that may grow 20% in a year, there is no way to guarantee any investment will return that much, or any amount for that matter.

However, what you can guarantee is that the credit card debt would cost the investor 20% that year. Therefore, it makes much more sense to pay off your credit card debt first. This includes any other high-interest debt you may have.

Once you have used your capital to pay off your high-interest debt, it will then make sense to start investing and looking for the type of [top stocks](#) Warren Buffett would invest in.

The top stock to buy today

Heading into 2021, there are several Canadian stocks with qualities Warren Buffett would appreciate. One of the most attractive stocks to buy today is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

Enbridge is one of the top companies in North America for investors to own long term, because it's a crucial component of the North American energy market. Plus, with its major competitive advantages, the company is in an advantageous position. A strong competitive advantage is something that Warren Buffett always looks for in his businesses.

It's also well diversified, which helps it to mitigate short-term headwinds like it's seeing now. This is the main reason why [Enbridge](#) is so resilient and why it's such a quality stock that investors can count on for years.

Today, the company is still trading well undervalue. As of Monday's close, Enbridge was trading more than 25% off its 52-week high. This presents a significant discount for investors today — something Warren Buffett would find very attractive.

Plus, in addition to the incredible value, the stock also pays a significant 8.2% dividend.

Bottom line

Managing your investments and personal finances go well beyond owning high-quality stocks. Of course, you always want to own the best investments. However, there is a lot more to think about than your investment portfolio.

Warren Buffett's advice on personal finance reminds us how important it is to stay on top of our finances. It's crucial to understand what your capital needs are and what your cost of capital is.

Once you're confident you have your personal finances under control, you can then focus on selecting the highest-potential investments.

CATEGORY

1. Dividend Stocks
2. Investing
3. Personal Finance

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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