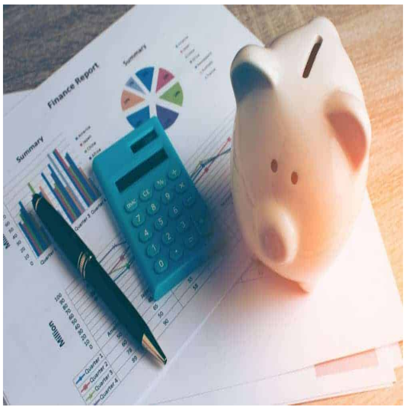

Got $500? 1 Dividend Stock for Decades of Passive Income

Description

A lot of Motley Fool investors may come to the site thinking they can't possibly invest. What if they need the money? What if the market crashes? What if my shares don't perform? But I have an answer to all of that. All you need is at least one stable dividend stock.

A good dividend stock means you should be able to see both share growth and dividend growth for decades. You can put that cash aside and *leave it alone*. That's the key. All I would do after that is reinvest in your dividend stock using your dividends again and again and again. If you get more confident, sure, get more diverse. Make a strong portfolio. And above all, *always* talk to your financial advisor.

However, if you're wanting to start small, then here's how to get started with one dividend stock and just $500.

My pick

If you want only one dividend stock to get you started, you'll want something stable. I would choose **Canadian Imperial Bank of Commerce** (TSX:RY)(NYSE:RY) for Motley Fool investors. The company has outperformed the other Big Six banks during the pandemic. Its revenue climbed past analyst expectations. What's more, the bank expects even more future growth.

The best part? CIBC remains undervalued with a price-to-earnings ratio of just 12.5 right now! By comparison, anything under 15 is considered a deal. And that's even while shares have climbed about 60% in the last year alone, as of writing.

As for its dividend, this dividend stock offers a yield of 3.92% right now. That's the highest of the Big Six banks, with $5.84 per share per year. So, even with only $500, you can make a fair amount of cash off the bat.

Know when to hold them

Now the key to making this dividend stock work for you to buy and *hold* — even if there's a market crash and even if there are bad earnings. Unless you actually need the cash, *leave it alone*. That will create massive income for the long term. How much? Let's see.

CIBC stock has climbed by a compound annual growth rate (CAGR) of 10.4% over the last two decades. In the last decade, it's climbed at a dividend CAGR of 5.28%. So, let's say you were to put $500 into the stock and leave it alone for [30 years](). That $500 *alone* would turn into $15,882.17 with dividends reinvested based on past growth!

But it could be even sweeter. Let's say you have enough to reach your maximum contribution room in your Tax-Free Savings Account (TFSA). This year, that limit increased by $6,000, so we'll go with that. Putting in those same numbers, suddenly you've turned $6,000 into $217,056.31 in that same amount of time!

Foolish takeaway

These are just examples, but can you imagine what it would be like if you were to contribute regularly? You can turn a simple dividend stock into a powerhouse contributor. Even if you only put a little away each month. Something is better than nothing, after all. So, don't undervalue yourself and your funds. Anyone can invest. So, start today!

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