1 Money Move You Should Make Now

Description

Over the weekend, I dropped by London Drugs and got most of my Christmas shopping done. The cashier was surely jolly to see someone buy a full basket of goods. Now, it might be a little early to shop for gifts, as Remembrance Day is just around the corner. Let's have a moment of silence to honour and remember our soldiers of the past and present.

While you're shopping for the holiday season, don't forget to treat yourself and save some money for your future self as well! Here's one money move you should make now and make a habit of doing regularly. You'll thank yourself years down the road.

Save and invest

The first hint of success in managing your finances is your ability to grow your net worth. It means you're balancing debt and income and using money to make more money. It means you're budgeting and controlling your spending such that you have leftover savings to expand your wealth.

Putting excess money in a savings or GIC account is only the first step. Interest rates are so low right now that, at best, your money may be keeping up with inflation and maintaining your purchasing power. You can do much better than that.

If you have savings that you plan to use for a big purchase, like a car or the down payment of a home, at least three years down the road, consider investing that money for higher returns. Actually, one of the best scenarios for that money would be that you have decades to invest. Your regular savings can grow to a hefty sum in the stock market. Anyone with a keen interest in stock investing should be able to get 6-12% of returns annually for the long haul.

What stocks should you buy?

If you're planning to invest for only three to five years, it would be safer to stick to solid dividend stocks like **Fortis** (TSX:FTS)(NYSE:FTS). As a regulated utility, Fortis reports highly stable and predictable earnings that are even resilient during recessions. In the last two decades, the defensive dividend stock only experienced three years of negative earnings growth. Moreover, every time, its earnings more than rebounded in the subsequent year. This is why many income investors buy and hold Fortis for its growing dividend income and steadily appreciating stock.

Fortis stock has increased its dividend every year for almost half a century. This trend is poised to continue. It just gave an update of its five-year capital plan — primarily low-risk investments — worth $20 billion. This plan will help drive its rate-base growth by about 6%, which will translate to a growing dividend of approximately 6% per year. Currently, the dividend stock offers a decent yield of 3.8%.

If you have a very long-term investment horizon, such as investing for retirement, consider parking some of your savings in growth stocks like **Amazon**, **Meta Platforms** (formerly Facebook), and **Shopify**. If you don't want to pick individual stocks, you can consider investing in a basket of growth stocks through exchange-traded funds.

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1. Dividend Stocks
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