



Wealth Building: How to Start Investing in Stocks

Description

Are you looking to [start investing in stocks](#)? It's a whole new world and a dazzling place, but it can be confusing. There are so many different ways to invest. Some investors choose to be day traders and follow technical indicators (sometimes by the minute!) to trade in and out of stocks for quick profits. That is risky, let alone super stressful!

Here, we advocate investing in great businesses for a long time to reap the benefits of growing businesses that are becoming more valuable over time. Know that you don't have to explore the unknown stock investing world alone. We're here to report timely news to help you make better-informed investment decisions.

How to start investing in stocks

Thanks to the advent of the internet, anyone can start investing in stocks easily. First, you can begin your research at the corporate website of the company you're interested in investing in. Second, you can buy or sell stocks for a low commission through [online brokerages](#). You can start investing in stocks swiftly by opening an investment account with your bank.

Which stocks should you start investing in?

Hopefully, you have many years left for your asset accumulation phase so that you have lots of time to compound your wealth. Which stocks should you start investing in? Consider investing in businesses you are confident will have a bright future. You should try different types of stocks. Maybe start with stable dividend stocks and high-growth stocks.

Personally, I find commodity stocks and cyclical stocks to be harder to invest in, because they're more unpredictable. However, that's just me. In your early investing days, you should try different stocks to see what works for you.

A stable dividend stock I would recommend is regulated utility **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). It's a low-

risk business and has increased its dividend for almost half a century. Because of its high predictability, it's set to continue increasing its dividend at an expected rate of about 6% through 2025. In other words, there's no doubt about whether it will increase its dividend or not. Currently, it yields 3.8% and is reasonably valued. If you're looking for a conservative stock investment, Fortis is your stock.

Investors who bought Fortis stock 10 years ago and sat on their hands would have generated about 8% of returns per year. Over the next 10 years, it can deliver total returns of approximately 8-10% on an annualized basis.

How to build wealth in different investment accounts

You can start investing stocks in your Tax-Free Savings Account (TFSA) for tax-free returns. Generally speaking, if you are in a high tax bracket, you'll want to contribute to your RRSP for tax-deferred returns. Some financial advisors advise contributing to your RRSP retirement account if you earn \$50,000 or more a year. In your RRSP, start investing in U.S. dividend stocks with nice yields of 3% or higher. In your non-registered (or taxable) account, you can hold Canadian dividend stocks.

Generally, you'll want to aim for total returns in all three accounts, because, ultimately, the goal is to build wealth with stock investing. Keep in mind that the long-term average market return is 10%. So, aim for a higher return than that or a higher income than what the market offers. (In the case of Fortis, it provides safety, predictability, and a secure passive income.) Otherwise, it may be wise to just average into a market-wide index fund like the **SPY** and be done with it.

CATEGORY

1. Investing
2. Stocks for Beginners

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2. TSX:FTS (Fortis Inc.)

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