1 Simple Investing Strategy for Investors Seeking Easy Wealth

Description

Motley Fool investors may believe that if you're going to get rich with investing, it's going to take guts. You're going to have to dig deep and find the sure-thing stocks that no one has found yet — the diamond amongst the rubble, and one that will see your shares explode before you retire.

This couldn't be more wrong.

What Motley Fool investors should instead look for is boring. Boring is stable and therefore great. If wealth is your ultimate goal, then you want a stable plan to get you there.

The strategy

To build wealth is actually quite simple, no matter what age you are. It comes down to consistency. If you can consistently put aside cash towards investing into a stable company, then that will compound and grow higher and higher over the years.

What it takes are two things. First is to turn your investing strategy from an option to a bill. You have to budget for bills; that's life. So, make room in your life for investments as well. Figure out what you can afford, and you can always grow or shrink that investment as you go.

The second part then is creating automated contributions. This is key. Instead of relying on your memory to put cash aside, automated contributions will do it for you every single month, quarter, year, or whatever you have planned.

The account

I would then recommend to Motley Fool investors to put that consistent cash flow into a Tax-Free Savings Account (TFSA). The TFSA offers investors $81,500 contribution room to Canadians who were 18 as of 2009. Then you'll likely get a further $6,000 every single year. But there's more.

If you can find a stock that provides dividends after you've hit your contribution limit, you can use those dividends to continue investing. That will create more wealth, all from investing in one stock on a consistent basis.

Want some examples? You've got it.

One stock to consider

You don't have to invest in something crazy to create easy wealth. Instead, let professionals do the work for you. That's what you get from exchange-traded funds (ETFs), and some of the best are from **Bank of Montreal**.

A strong option would be **BMO Covered Call Canadian Banks ETF** (TSX:ZWB). With ZWB, investors get treated to the defensive structure of all the Big Six banks, with the benefit of a 5.31% dividend yield. Further, the stock has risen 15% in the last five years. That's not crazy income, but it's certainly stable during a pandemic and market crash.

The outcome

So, let's say you're someone who doesn't have all that much cash to put aside each and every year. You have enough to put aside $10,000 now and can add another $6,000 annually. You then hope to use that wealth in the next 20 years.

The ZWB ETF has a compound annual growth rate (CAGR) of 3.35% over the last five years. Further, it has a dividend CAGR of 7.03% in that time. If you were to put that $10,000 and invest another $6,000 per year, after 20 years your portfolio could be worth $512,000! If you make that 30 years, suddenly you're a millionaire with $2.55 million!

While these are examples of course, it shows you that consistent investment is the key to creating strong wealth. Simply reinvest your dividends and keep your contributions consistent, and you could reach riches in no time!

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alegatewolfe