



Investing 101: How Much Should You Invest Now to Earn \$1,000 Per Month?

Description

A question every person new to stock market investing asks is, “How much should I invest to earn X amount?” Setting your financial goals is the first step to investing. You can design your portfolio according to the amount you want from your investments and how frequently you want it. In this article, I will answer the question of how much you should invest to earn \$1,000 every month. There can be two scenarios:

- If you want to earn \$1,000/month 11 years later, you need to invest \$1,000 per month, assuming you get an average annual return of 10%.
- If you want to earn \$1,000/month starting next month, you need to invest \$240,000, assuming you get an average annual [dividend](#) yield of 5%.

The more time you give your investments to grow, the better the returns will be.

How to earn \$1,000/month 11 years from now

To earn \$1,000/month after 11 years, you need \$240,000 invested in dividend stocks in the 11th year. If you invest \$1,000 every month for the next 11 years, you will have invested \$132,000. If you manage to keep a 10% average return, your portfolio at the end of the 11th year will be \$241,500.

Even the TSX 60 Index has delivered an average annual return of 9.79% in the last 10 years. Your average return can vary significantly depending on when you buy. If you buy [index funds](#) in a market downturn, your [average returns can grow](#) double digits. To ensure your portfolio can survive the turbulences and still return 10% every year, you need to diversify into growth, dividend, and cyclical stocks. Also, diversify across other asset classes like REITs, gold, commodities, cryptocurrencies, and bonds. Each has a different purpose, risk, and return.

Two stocks that can give a 10% average return

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) is a growth stock that has dipped 80% from its

peak. It is [undervalued](#), as investors are bearish on tech stocks. But it has strong fundamentals and growth prospects that could give you 15-20% average annual returns in the coming five years. However, Lightspeed is prone to competition from e-commerce giants, like **Amazon** and **Shopify**. They can poach its customers by entering a price war.

Lithium Americas ([TSX:LAC](#))([NYSE:LAC](#)) is a good commodity stock. It's sitting on the United States' largest [lithium resource](#), the Thacker Pass Project. It has secured the necessary permit and will develop the mine in the near future. Lithium is a key element in rechargeable batteries used in electric vehicles (EVs) and cell phones. Lithium Americas stock could drive the EV rally and give you a strong double-digit growth in the next three to five years. However, it is prone to geopolitical tensions that could increase or decrease the lithium supply.

The above stocks can grow 50-70% in a span of months. If you witness such momentum, book profits in LAC at it is at its cyclical peak. There may not be significant growth in the long term, as it is a [cyclical stock](#). You can mitigate the risk of the above stocks by investing 20% in index funds and 5% in gold funds and crypto ETFs.

How to earn \$1,000/month starting next month

If you want to start earning \$1,000/month starting next month onwards, you need to invest up to \$240,000 in dividend stocks. In this scenario, look for stocks that give you a 5% average dividend yield and pay regularly. There are some stocks that also grow dividends.

Canada's telecom giant **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) has a good record of paying regular dividends from the subscription money. It even increased its dividend at a compounded annual rate of 5% in the last 10 years. The company is riding the 5G wave, and this technology is several-fold bigger than 4G. 5G will attract more subscriptions at a higher rate, opening the gates for dividend growth. You can lock in a 5.2% dividend yield that the company disburses quarterly.

Diversify your \$240,000 in different dividend stocks and bonds to mitigate the risk of a dividend cut from one company.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:LAC (Lithium Americas Corp.)
3. NYSE:LSPD (Lightspeed Commerce)
4. TSX:BCE (BCE Inc.)
5. TSX:LAC (Lithium Americas Corp.)
6. TSX:LSPD (Lightspeed Commerce)

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