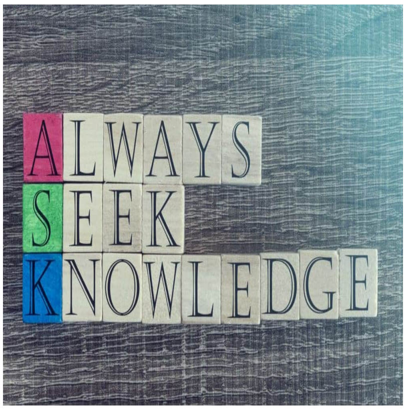

4 Retirement Portfolio Golden Rules Investors Should Follow

Description

Most retail investors *are* investors, because they wish to build a sizeable retirement nest egg. And even though everyone has different retirement financial goals, there are a few golden rules that might be able to help almost everyone equally.

Rule #1: Start as early as possible

Don't wait around till you have enough capital to invest or you've learned as much as you wanted to about investing strategies. You can start small and easy and learn a lot by actually investing. But if you wait, you will lose something that might be just as important in the long run as the amount of money you can save each year for investing: time.

Rule #2: Diversify

For most retail investors that might not have specialized knowledge of certain sectors and can maximize their profits by focusing their capital on those sectors, diversification is a powerful tool. Not only does it spread out the risk, but it also allows you to take advantage of growth and dividend opportunities that you might miss out on if you focus only on certain sectors and industries.

Rule #3: Build a core for your portfolio

It's a good practice to have a portion of your retirement capital almost permanently tied to some stable long-term assets so that it can take full advantage of the time factor and is relatively sheltered from market dynamics. That would be the core of your portfolio — the part you *will* have at almost full strength, regardless of how the market is doing.

One candidate for this is **Fortis** (TSX:FTS)(NYSE:FTS), one of the safest stocks the TSX has to offer. As a utility company with a geographically diversified consumer base, its revenues are both stable and quite predictable. And since its utility portfolio includes both electricity and natural gas, it *can* evolve with the changes taking place in the power generation (renewable shift) industry without losing much ground.

Its history and overall return potential are also worth considering. As the second-oldest aristocrat in Canada, it's quite close to becoming a Dividend King by U.S. standards (50 years of consecutive increases). And the capital-appreciation potential, while not very strong, is quite better compared to stagnant dividend payers.

Rule #4: Don't be afraid to take risks

Don't forget to take risks (in moderation), at least in the early years of your retirement portfolio building, when you have ample time to correct your mistakes. Some risks, like the risk of investing in a volatile asset class like crypto using a stock like **Galaxy Digital Holdings** (TSX:GLXY), can pay off quite well.

Galaxy is a bit different from other publicly traded crypto companies on the TSX, as a lot of them are exclusively crypto miners.

This company is more about the crypto ecosystem as a whole and offers services that will be very well positioned in a market where crypto has become more mainstream than it is now. For now, it's suffering alongside the crypto market, which is currently in decline. It's capable of almost 400% growth if you buy now, and the stock just crossed its former peak by a small margin.

Foolish takeaway

Another rule or rather a good practice is that your retirement portfolio shouldn't exclusively be in your RRSP. The TFSA part of your portfolio can be quite lucrative in your retirement years, as it would allow you to start a tax-free portion of the retirement income to meet your needs without offsetting your tax bill.

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1. Dividend Stocks
2. Investing

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Date
2025/09/27
Date Created
2022/05/14
Author
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