



## Young Investors: Create Cash Flow With This Top Dividend Stock

### Description

It's a hard time for young investors. At a time when many first became involved with the stock market, many young Canadians are now seeing losses after years of growth. And with the potential for a recession on the way, the fear is only growing.

### Costs rise and earnings fall

In a recent poll by **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), the bank found that about 65% of Canadians between 18 and 24 were worried about keeping up with living expenses. About a third of those Canadians worried about simply having enough disposable income on hand.

It's no wonder, as inflation continues to rise month after month, as do interest rates. Rates that are affecting mortgages rates, car rates, and, of course, loans. This makes it harder than ever for young investors wanting to create wealth and get into the housing market.

But there are ways to both bring down costs and increase cash flow. Today, I'll look at a dividend stock you can use for cash flow with a new program that can help young investors stay on top.

### Take advantage of programs like this

There are a lot of programs out there for young Canadians worried about their finances. Many banks want to get you to sign on hoping for life-long clients by offering you deals when you're younger. And that's a good thing! It creates a win-win situation, especially at a time when the markets are so bad.

An example is the Smart Start program by CIBC. This program allows Canadians under 25 to start a CIBC account with no monthly fee, unlimited transactions, a fee rebate on one non-CIBC ATM withdrawal per month within Canada, and balance alerts.

For young investors, it gets even better. You have access to CIBC insights to help you create more savings, and access to CIBC Investor's Edge. This includes free online stock and exchange-traded

fund trading, with no administration fees or minimum balance requirement.

## Couple with dividends

These savings can be enormous for young investors, but it can be turned into cash flow by investing in a strong dividend stock. Of the Big Six banks, CIBC stock still has the highest dividend, even after its [stock split](#).

Right now, you can lock in a 4.59% dividend yield, as it continues to trade a very [valuable 9.69 times earnings](#) and 1.04 times book value. And those dividends can add up, creating cash flow you can use as disposable income when needed and reinvest when you don't.

In fact, if you're a 20-year-old, you can use the dividend stock to start investing right now. Let's say you have \$15,000 to put towards CIBC stock today. You then plan to put \$1,000 towards the stock each year. Based on historical performance, if you were to reinvest over the next decade you would have a portfolio worth \$62,137.74! That amounts to about 426 shares, bringing in \$2,240 in dividends each year.

## Foolish takeaway

By taking advantage of banking programs and using your savings on a safe dividend stock, you can bring in strong income for life! Over the next decade alone you could see your original portfolio more than quadruple in size thanks to the power of reinvestment.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

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1. alegatewolfe

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**Author**

alegatewolfe

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