



5 Investing Hacks to Build a Million-Dollar Portfolio

Description

Being a millionaire is easy, but staying a millionaire is tough. It's not about how much money you make; it's about how much you save that makes you wealthy. When you talk to self-made rich people, they always have their math on the tip of their fingers.

For instance, if you ask a business person how to make a million dollars, they will say I have to sell a product to 5,000 people at an after-tax profit of \$200. But if you ask an investor, they will say I have to invest \$1,500 per month for 20 years at 10% to be a millionaire.

Five investing hacks

Here are five investing hacks to build a million-dollar portfolio:

- Start early
- Invest daily
- Automate investments
- Reinvest gains
- Have a plan B, C, and D

Start investing early

It is not about timing the market; it's time in the market that makes you wealthy. The stock market grows with the economy. The rule is simple: buy the dip and sell the rally. It is easier said than done. But if you buy the dip and stay invested for a long time, the market will reward you handsomely. Those who invested in **Shares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)) in the 2018 United States-China trade war downturn are still seeing 80% in profit, even though the ETF fell 40% from its September 2021 high. That is the power of staying in the market.

The technology sector saw a selloff from [interest rate hikes](#). But that has not dampened its long-term growth. Start investing early, so you can give the market time to grow your money. [Warren Buffett](#)

started investing at age 12 and has been in the market for 90 years. You are already late, so start now.

Invest daily

This hack reminds me of an inspirational quote by Martin Luther King Jr.: “If you can’t fly, then run. If you can’t run, then walk. If you can’t walk, then crawl. But whatever you do, you have to keep moving forward.”

Make it a habit to invest daily or weekly. You will be amazed at the math. If you invest \$50 a day for the next 20 years at a 10% interest rate, you will have close to \$1.1 million by the end of the term. But every day is not Christmas. Some days, you might invest only \$5; some days, you might invest \$200. The important thing is to keep investing. I will later tell you how you can increase your daily investment from \$50 to \$100. (P.S. You can also invest your income tax refund.)

This daily investment can be across different stocks. Some stocks might make 30% annual gains, while some might lose money. The goal is to get your average annual portfolio return to 10%. Even when you retire, do not stop investing daily.

Automate your investments

Investing daily can be a hassle, and you might stop after some point. You can overcome this by automating your investments. Like your company deducts your pension contribution, automate an investment deduction into your savings account from your paycheck.

You can invest in the market ETF, dividend-paying stock or a stock with a long-term uptrend like **Descartes Systems**. It has generated over 20% average annual return in the last 10 years.

Reinvesting gains

Remember when I said I’d tell you how to increase your daily savings? Here it is. If you invested in a dividend stock like **BCE**, you can use the [dividend](#) money to buy growth stocks. If you made a significant gain on a growth stock, book profits. Reinvest some of this profit in dividend stocks or low-risk debt funds. I do not believe in reinvesting all profits from the stock market. Spend some and reinvest some.

Always have a plan B, C, and D

The stock market is a risky business. Be prepared for your original financial plan to fail at times of uncertainty. Hence, have a backup plan for emergencies and contingency.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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