RRSP Wealth: 1 Top Stock to Help You Stay Rich

Description

Investing in the equity markets can make you very rich over the long run. At the same time, those who seek quick riches are likely only to prolong the amount of time before they actually reach a comfortable nest egg. Further, by taking on too much risk in pursuit of short-term gains, one can fall into ruin. Cryptocurrencies and other speculative assets imploded this year, and the damage may have yet be over. For market newcomers investing with their RRSPs, it's a real shame.

Still, those who lost big in the first half of 2022 should not give up hope. Treat it as a lesson on the differences between investment and speculation. Buying a stock on momentum and hoping it goes up is not investing. It's speculation in its pure form, and it can be dangerous once speculative bubbles burst, leaving beginners wondering what happened and why it had to happen to them.

Here at the Motley Fool, we're all about prudent long-term investing. We could care less about the day-to-day fluctuations in stocks we own. At the end of the day, the key to building RRSP wealth is making smart decisions over the course of decades.

RRSP investors: It's the long term that matters most!

So, as others fret over the coming month, focus on the coming years and decades. Over the near term, stocks can go anywhere — up, down, or sideways. Nobody knows which direction stocks will be tomorrow, next week, next month, or even next quarter. So, why invest in stocks? They tend to go up over the long run. Over the span of many years, the odds are tilted on investors' sides. Over decades, they're profoundly tilted in favour of investors.

That's why you need not be phased by near-term fluctuations if you are in it for the long haul. At the end of the day, it's the long run that matters. These months for turmoil will probably not be remembered in 30 years from now, when your nest egg is swollen. Further, this is not going to be the last treacherous time your portfolio will face! So, get used to bargain hunting on dips, rather than letting volatility get you down.

In this piece, we'll check out **Bank of Montreal** (TSX:BMO)(NYSE:BMO), a top bank stock that can help you build wealth without risking your shirt to do so.

Bank of Montreal

Canadian banks and recessions are not a good mix. Not even the best-run bank in the world can avert stock downside once provisions start coming in and investors prepare for the worst. The Big Six Canadian banks are built different. They're remarkably well capitalized. They're recession ready. Though rising loan losses are a step back, RRSP investors must know that over the long run, banks tend to prove smart buys on dips.

It's not just capital upside potential, but banks like BMO have secure dividends positioned to grow through thick and thin. As its share price falls, its yield will swell, making dip-buying a compelling proposition for those seeking big income from their RRSPs.

Though I like all the banks today, BMO's 6.8 times trailing earnings multiple stands out. It's priced with a slowdown in mind. With a 4.45% dividend yield and a solid history backing it, RRSP investors should buy BMO, hoping that it goes down, so they can buy even more shares at better prices.

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