



You Could Be Missing Out on Millions: The Cost of Procrastination in Investing

Description

Are you still skeptical about investing? Perhaps the volatile market prevents you from investing in equity, but you read articles about how much an investor made in 10 years from a stock. If this is your story, then you are a victim of procrastination. In the investing world, the delay has a heavy opportunity cost. The procrastination cost works both ways: you delay in buying and selling a stock.

The cost of procrastination

The stock market is a means of getting a share in a business. If you were to start a business, it would take up all your time and money. But with equity, you become a part-owner and get a share in the growth or failure of the business. You can invest in more than one business or industry through an [ETF](#) or mutual fund.

Some businesses may succeed, some may fail, or some may get acquired. There is a risk. But if you keep delaying investing, you will miss out on the growth stories of stocks, like **Shopify** or **Apple**, that have made their investors millionaires. If you'd invested US\$1,000 in Apple stock in 2010, your investment would be worth US\$15,000 today, even though the stock has dipped 22% from its 2021 high. Here, the cost of procrastination is \$14,000.

It works the other way as well. There are cases where a company that has been doing well falls prey to a crisis that pushes it into a long-term downtrend. If you delay selling that stock over the fear of booking a 40-50% loss, you may lose your entire investment. **Bombardier** and **BlackBerry** stock fell into a long-term downtrend after product failure and technology disruption in 2000s. Those who delayed selling the stock till 2022 have lost over 95% of their investment.

For instance, if you'd invested \$1,000 in **Air Canada** in May 2021, when the airline reopened for flying, your investment is now \$600. But those who sold the stock immediately after the Russia-Ukraine war reduced their losses to \$100.

Three ways to overcome procrastination in investing

You can prevent your portfolio from missing out on millions by addressing the root cause of loss: procrastination. Here are three ways to overcome procrastination in investing.

Identify the cause of the delay

Take a pen and paper and list all the reasons keeping you from investing. Two top reasons for procrastination are fear of losing money and not having enough money to invest. Once you know the cause, you can address it and plan your investment strategy accordingly.

Overcome the fear of equity losses

Many conventional investors fear equity because they have lost in stocks. It's easy to say that failure is a stepping stone to success when the money has not gone out of your pocket. This means you are a risk-averse investor. To address this elephant, you can adopt two investing strategies: dividends and ETFs.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a good dividend stock for a beginner. The company is a market leader in oil and gas pipelines and has a 67-year [history](#) of paying dividends. It also increases dividends annually and has lower volatility than the market, which keeps your principal investment safe. The company's vast pipeline infrastructure and economic significance ensure regular cash flow, reducing the downside risk compared to other stocks. No fixed-income security can give you an annual interest of 6%, but Enbridge can give you an annual yield of 6.33%.

Another low-risk equity option is **Horizons S&P/TSX 60 Index ETF** (TSX:HXT.U). It invests in the top 60 companies by market cap. It has a mix of bank, mining, materials, and information technology stocks, which reduces company and industry-specific risks. If some stocks falter, it adjusts its portfolio, depending on the stock performance. Even if you delay selling a non-performing stock, the ETF won't. However, the ETF is exposed to macro risks.

Make investing a habit

Don't have money to invest? You don't need \$1,000. You can invest \$10/day, or \$50/week. Make investing a habit, and you won't realize how these small amounts become a big investment.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

3. TSX:HXT (Horizons S&p/tsx 60 Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. pujatayal

Category

1. Investing
2. Stocks for Beginners

Date

2025/07/21

Date Created

2022/07/05

Author

pujatayal

default watermark

default watermark