



How I'd Invest \$25,000 in October to Aim for \$1 Million

Description

Can stock investing make you a millionaire? Warren Buffett, the [GOAT of investing](#), bought his first stock at age 11 and reached a net worth of US\$1 million at 30. His feat was not extraordinary because it takes years to build significant wealth. Time should be on your side if you're aiming to join the Millionaire's club

Assuming you're investing \$25,000 this month, aiming for \$1 million isn't ridiculous. Strictly speaking, the investment amount is relatively small in the journey towards a million dollars. However, a stock worth \$30 per share and paying an 8% dividend will bring your money to more than a quarter of a million (\$269,129.08) in 30 years.

If you extend the timeframe to 40 years, the final balance would be \$594,247.67, or a \$569,247.67 profit from a \$25,000 investment. The sample computation illustrates the power of compounding when you keep reinvesting the dividends. Like Buffett, you can achieve success by building a [financial base](#) as early as possible.

Don't let your greed run wild.

Buffett is a savvy investor but will not let his greed run wild. Earning pretty good returns, not necessarily the highest, is enough. The key to reaching \$1 million is to repeat the dividend reinvesting process every year for decades. Remember always that compounding works in your favour if time is your friend. Thus, you'd have a large nest egg in your retirement years and could live off dividends.

Long-term returns

Canada's primary stock exchange isn't lacking in choices for long-term returns. For example, the country's Big Five Banks have been paying dividends for more than a century. Currently, the average dividend yield of the elite group is 5.03%. However, if you prefer the most generous dividend-payer, the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) yields a sector-leading 6.35% and pays quarterly dividends. By reinvesting those dividends, you can increase your returns through the power of

compounding.

The Big Bank stock trades at \$64.86 per share, so your \$25,000 can buy around 385 shares. If the yield remains constant, your money will compound to \$165,490.37 and \$310,730.33 in 30 and 40 years, respectively. Notice how big a difference an additional 10 years can make.

BNS' dividend track record is 190 years and counting. Because the \$77.3 billion bank has raised its dividends for 11 consecutive years, expect the dividend yield to grow and not remain constant.

A buying opportunity today

BNS is a buying opportunity today, while the share price is depressed (-24.56% year to date). The Big Bank stock will rebound eventually, as it always did in the past. Despite the strong headwinds, net income in Q3 fiscal 2022 increased nearly 2% to \$2.6 billion versus Q3 fiscal 2021. The provision for credit losses (PCL) rose 8.4% year over year to \$412 million.

Its President and CEO, Brian Porter, said, "Strong credit quality while growing the loan book across all business lines, prudent expense management and resilient customers were positive highlights against the backdrop of a more challenging macro environment this quarter."

The exposure to emerging and Latin American markets with better outlooks could be BNS' growth drivers. Porter is retiring on February 1, 2023, but will be a strategic advisor to incoming President and CEO Scott Thomson. Thomson, a BNS board member since 2016, will relinquish his CEO position at **Finning International** in mid-November 2015.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Quote Media
4. Sharewise
5. Smart News
6. Yahoo CA

PP NOTIFY USER

1. cleona
2. cliew

Category

1. Bank Stocks
2. Investing

Date

2025/07/30

Date Created

2022/10/11

Author

cliew

default watermark

default watermark