



Invest \$1,500 Each Month in This Dividend Stock to Actually Create a \$1 Million Portfolio

Description

Dividends are often the choice of conservative investors. But do you know you can create a \$1 million portfolio with Dividend Aristocrats? The trick is perseverance mixed with compounding. Though it may take time, it will build a strong foundation and give you more than a million dollars in your Registered Retirement Savings Plan ([RRSP](#)). A \$1,500 investment per month (\$18,000 per year) in **BCE** ([TSX:BCE](#)) for the next 20 years can allow you to earn \$1 million. Here's how.

One dividend stock to invest regularly for the next 20 years

Dividend Aristocrat BCE has increased its dividend at a compound annual growth rate (CAGR) of 5.76% in the last [20 years](#). It is now riding the [5G](#) secular trend several times bigger than the 4G opportunity. The 4G technology facilitated live streaming and video calling anytime, anywhere. The 5G technology will bring artificial intelligence (AI) to edge devices by connecting them to high-speed internet and cloud networks in real time.

The 5G opportunity can facilitate smart cities, drones, robots, and autonomous cars and bring regular cash flow from subscriptions. It could fuel BCE's 5% dividend CAGR for the next decade or two.

Invest \$1,500 today and get \$1 million

Assuming BCE maintains its 5% dividend CAGR for the next 20 years, a \$1,500 monthly investment will convert to the invested amount of \$360,000 (\$18,000 per annum x 20 years) in 20 years. The company has a dividend-reinvestment plan (DRIP) that will buy more BCE shares at a discount from the market price without any brokerage cost.

With the current dividend yield of 6.3%, a \$1,500 investment could fetch you \$94.95 in annual dividend income. The DRIP will reinvest the \$94.95 and buy you a little over one share of BCE at an average price of \$62. By the end of 2023, your \$1,500 initial investment plus a \$18,000 annual investment plus dividend income will buy you 314.7 shares of BCE.

Next year, BCE might grow its dividend by another 5%. Another \$18,000 investment will buy 283 shares plus 314.7 shares in 2023. Your share count will increase to 599 shares after adding DRIP shares. The reinvestment combined with the perseverance of investing \$1,500 per month will not only increase share count but also your dividend income.

Year	Start Balance	Shares	Share Price	Contribution	Growth	Dividends	Reinvested	End Balance
2023	\$1,500.0	24.542	\$61.1	\$18,000.0	\$30.0	\$95.0	\$95.0	\$19,625.0
2024	\$19,625.0	314.793	\$62.3	\$18,000.0	\$392.5	\$99.7	\$99.7	\$38,117.2
2025	\$38,117.2	599.428	\$63.6	\$18,000.0	\$762.3	\$1,342.7	\$1,342.7	\$58,222.2
2026	\$58,222.2	897.646	\$64.9	\$18,000.0	\$1,164.4	\$2,684.7	\$2,684.7	\$80,071.3
2027	\$80,071.3	1,210.30	\$66.2	\$18,000.0	\$1,601.4	\$4,221.3	\$4,221.3	\$103,894.1
2028	\$103,894.1	1,539.60	\$67.5	\$18,000.0	\$2,077.9	\$5,976.2	\$5,976.2	\$129,948.2
2029	\$129,948.2	1,887.93	\$68.8	\$18,000.0	\$2,599.0	\$7,982.3	\$7,982.3	\$158,529.5
2030	\$158,529.5	2,258.01	\$70.2	\$18,000.0	\$3,170.6	\$10,277.8	\$10,277.8	\$189,977.8
2031	\$189,977.8	2,652.88	\$71.6	\$18,000.0	\$3,799.6	\$12,907.1	\$12,907.1	\$224,684.4
2032	\$224,684.4	3,076.01	\$73.0	\$18,000.0	\$4,493.7	\$15,922.4	\$15,922.4	\$263,100.6
2033	\$263,100.6	3,531.32	\$74.5	\$18,000.0	\$5,262.0	\$19,385.1	\$19,385.1	\$305,747.7
2034	\$305,747.7	4,023.26	\$76.0	\$18,000.0	\$6,115.0	\$23,367.2	\$23,367.2	\$353,229.8
2035	\$353,229.8	4,556.93	\$77.5	\$18,000.0	\$7,064.6	\$27,953.5	\$27,953.5	\$406,247.9
2036	\$406,247.9	5,138.14	\$79.1	\$18,000.0	\$8,125.0	\$33,244.5	\$33,244.5	\$465,617.4
2037	\$465,617.4	5,773.56	\$80.7	\$18,000.0	\$9,312.4	\$39,358.9	\$39,358.9	\$532,288.6
2038	\$532,288.6	6,470.85	\$82.3	\$18,000.0	\$10,645.8	\$46,437.6	\$46,437.6	\$607,372.0
2039	\$607,372.0	7,238.84	\$83.9	\$18,000.0	\$12,147.4	\$54,648.4	\$54,648.4	\$692,167.8
2040	\$692,167.8	8,087.70	\$85.6	\$18,000.0	\$13,843.4	\$64,191.0	\$64,191.0	\$788,202.1
2041	\$788,202.1	9,029.24	\$87.3	\$18,000.0	\$15,764.0	\$75,304.3	\$75,304.3	\$897,270.4
2042	\$897,270.4	10,077.13	\$89.0	\$18,000.0	\$17,945.4	\$88,274.4	\$88,274.4	\$1,021,490.2

BCE DRIP in 20 years

Your RRSP portfolio in 2043

Assuming BCE's stock price grows only 2% annually, the stock price will be around \$89 by 2043. The regular \$1,500 monthly investment will buy you over 10,000 shares of BCE. At the end of 2043, 10,000 shares could earn you \$88,274 in annual dividend income, or \$7,356 per month. As for the portfolio value, it would be over \$1 million. You can opt out of the DRIP and start collecting dividend income while retaining the \$1 million portfolio value.

Know your risks

The above calculation is based on several assumptions that may not come true in future. BCE stock price could grow at a faster rate or the company could slow dividend growth or pause DRIP. Two decades is a long time. You can revisit the calculations and try to achieve \$1 million.

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Author

pujatayal

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