Classroom handout · End of October 2016 to October 9, 2026

Buy and hold: leave well-known stocks on the shelf

A share is a tiny slice of a company. You buy it. If you can leave it alone, two things can pay you while you live your life. The price can rise. The company may mail you a dividend. If those checks buy more shares, the new shares mail you checks too. That loop is called DRIP. It is compounding.

This is the front door of Stock Market Classroom. It is for someone who has never bought a share, and for someone who already owns stocks and still checks the price every morning. The lesson stays with well-known companies, a fund that holds hundreds of them, the free money in a 401(k) match, and the habit of adding a little cash every month.

Options, swing trades, and covered-call funds are later lessons. You do not need them to begin. Nothing in this handout is advice to buy or sell any stock or fund.



Leave it on the shelf. The useful work happens while you are not watching.

Starting pile for the researched decade: $10,000

What the same dollars became

Total return with dividends reinvested. October 2016 month-end close to the October 9, 2026 close. The live lesson page can scale this same pace to $1,000, $5,000, or $25,000. The pace does not change. A different decade can.

What you held	It became	Times	Pace
Cash in a drawer	$10,000	1.00x	0%
Coca-Cola	$28,313	2.83x	+11.0% a year
Johnson & Johnson	$29,583	2.96x	+11.5% a year
S&P 500 fund	$42,892	4.29x	+15.7% a year
Amazon	$66,453	6.65x	+20.9% a year
Microsoft	$100,564	10.1x	+26.0% a year
Apple	$129,652	13.0x	+29.2% a year

What you held	It became	Times	Pace
Nvidia	$1,313,356	131x	+62.9% a year

Cash: no dividend. These dollars buy less than they did in 2016.

Coca-Cola: $2.12 a year per share. Yield about 2.41%. Raised 64 years.

Johnson & Johnson: about $5.36 a year. Yield about 2%. Raised 64 years.

S&P 500 fund: about 0.93% now, from the companies inside the fund.

Amazon: no dividend. The whole gain is the share price.

Microsoft: about $3.92 a year. Yield about 0.73%.

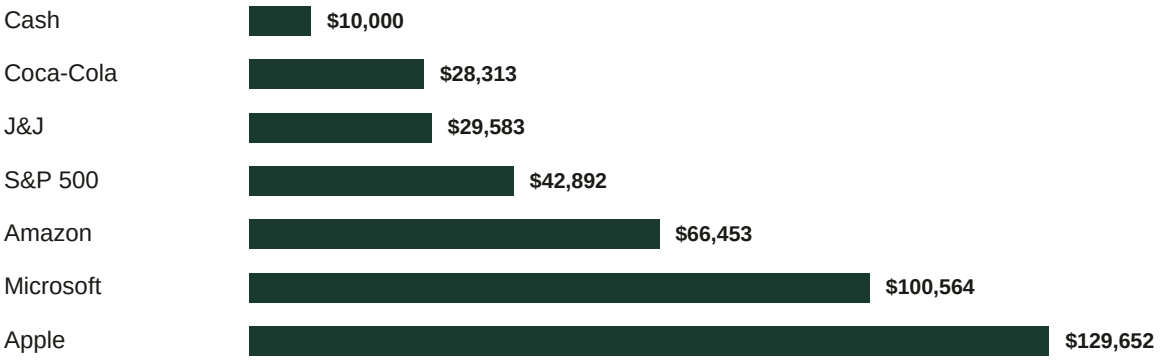
Apple: $1.06 a year. Yield about 0.31%. The price did the work.

Nvidia: about $0.52 a year. Yield about 0.23%. Not the normal result.

Apple, Nvidia, and Amazon split in this stretch. A split cuts the price and hands you more shares. Your money does not change that day. The screen price in October 2016 was about $114 for Apple, about $71 for Nvidia, and about $790 for Amazon. The gains above already count those splits.

Bars, without Nvidia

Drawn to scale, Nvidia at $1,313,356 would squash the others. It is left off on purpose.



Nvidia, not on the bars: $1,313,356.

Same dollars, three speeds

- Cash stayed $10,000. It paid no dividend. After inflation it buys less than it did in 2016.
- Coca-Cola became $28,313. The share price alone would have left $20,767. Putting the dividend checks back in added about $7,547.
- The S&P 500 fund became $42,892. You did not have to pick a winner. Apple became $129,652. Nvidia became $1,313,356. The fund already owned a slice of Nvidia.

After inflation, the S&P 500 result was still about 3.05 times your money in buying power (Total Real Returns, October 7, 2016 to October 9, 2026). Cash did not get that lift.

How DRIP compounds



Checks buy shares. Those shares start paying you too.

DRIP is a setting. The next dividend check buys more shares, often a fraction of a share. Next quarter you own a little more, so the check is a little bigger. On the $10,000 Coca-Cola pile, that switch was worth about $7,547. The price did most of the work. The checks did extra work, and because the price rose, the extra shares were worth more later.

Coca-Cola, $10,000 start. Price alone versus dividends reinvested.



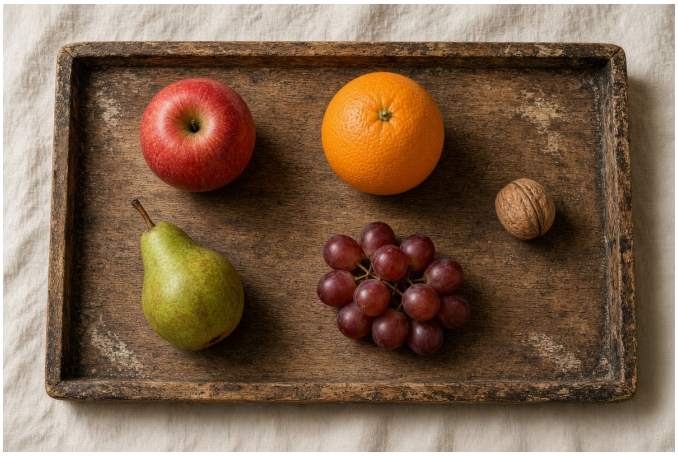
The sketch below freezes the price at $40 so you can watch the share count. You start with 250 shares. The dividend starts at $1 a share and rises six cents a year. It is a classroom drawing, not a quote. The Coca-Cola numbers above are the real decade.

Year	DRIP shares	DRIP pile	Checks as cash	DRIP ahead
0	250	$10,000	$10,000	$0
10	342	$13,668	$13,175	$493
20	540	$21,582	$17,850	$3,732
30	982	$39,290	$24,025	$15,265

At 10 years in the sketch you hold about 342 shares instead of 250, and you are about $493 ahead. The gap is modest because the price never moved. At 30 years the same loop finishes about $15,265 ahead, near $39,290 versus $24,025. When a real price rises, the extra shares ride along. You can turn DRIP off later, when you want the cash to spend. Dividends can be cut. A DRIP does not protect you from that.

More shares. Same company. No extra decisions.

Diversify, so one scare is not the whole pile



Different businesses, same tray. One bad season is not the whole pile.

In 2022 the market fell hard. Coca-Cola and Johnson & Johnson rose. Amazon and Nvidia were cut about in half. Apple and Microsoft fell hard too. A person who owned only the name that was cut in half felt finished. A person who also owned the fund, or a steadier business, had something that was not falling the same way.

Several of the names that fell hardest in 2022 were, if you held, among the strongest for the decade. Selling locked the loss in. Holding is why the decade still paid.

What you held	2022	The decade
S&P 500	-18.2%	+329%
Coca-Cola	+10.6%	+183%
Johnson & Johnson	+6.0%	+196%
Apple	-26.4%	+1,197%
Microsoft	-28.0%	+906%
Amazon	-49.6%	+565%
Nvidia	-50.3%	+13,034%

You do not need twenty hobbies. One broad stock fund is already a diversified portfolio. A few well-known stocks can sit beside it as slices. The jar should not be a single name, even a famous one. Nvidia at 131 times your money is a story about why the fund owns many companies. It is not a treasure map. The exact day you bought changes that dollar result.

Take the full 401(k) match



Your contribution, and the dollars the match adds if you show up.

Before you hunt for a stock, look at your job. If the plan adds money when you add money, that addition is the match. Skip it and you turned down a raise. The raise does not depend on predicting the market. It depends on a form.

Classroom salary: $50,000. Dollar-for-dollar match up to 6% of pay. You put in $3,000. The employer puts in $3,000. You have $6,000 working, and half of it showed up because you participated. That is a 100% bonus on your slice, on day one.



Some plans match 50 cents on the dollar. On the same salary and 6% cap you still put in $3,000 and the company adds $1,500. A 50% bonus on day one is still not a deal a hot tip will give you. Plans differ. Read yours. Contribute at least enough to get the maximum match before you worry about a fancier trade.

After the full match, a Roth IRA is a common next bucket, then a regular brokerage account if you still have money to invest. Inside the 401(k), a broad stock fund with dividends reinvested, left alone, is a complete starter.

A small check, on a schedule

You did not need a lump sum. Someone who put $100 a month into an S&P 500 fund from October 2016 through September 2026 put in $12,000. With dividends reinvested, that pile was worth about $27,488. Source: YX Insights, through September 24, 2026. This example does not change with the starting pile.



Twelve thousand dollars. About a hundred a month. No stock picking. More than double, in a strong decade. The next decade does not owe you the same path. Twenty-five dollars a week is about $108 a month. On this same path, scaled, that is about $13,000 put in and about $29,762 at the end. Fifty dollars a month scales to about $6,000 in and about $13,744. These are proportions of the monthly study, not a separate backtest.

That habit is dollar-cost averaging. You buy on a schedule. Some months the shares are cheaper. Some months they are not. You stop trying to pick the perfect Tuesday. The amount should be small enough that a bad month does not

make you quit, and automatic so you do not renegotiate it every payday.

What to do this week

- If you have a 401(k), find the match. Raise your contribution until you get every dollar they offer.
- Choose a broad stock fund, or a short list of businesses you understand. Measure the hold in years.
- Turn dividend reinvestment on while you are building.
- Automate a weekly or monthly buy. Start smaller than your pride wants.
- When the market falls, remember 2022. The people who stayed are the ones the decade paid.

Come back later for dividends in more depth, covered-call funds, and options. Those lessons sit on top of this one. They do not replace it. The free Sunday Note is one short lesson a week: https://stockmarketclassroom.com/sunday-note/

Words worth knowing

Word	Plain meaning
Share	A tiny slice of a company.
Dividend	Cash the company pays you, usually every three months. It can be raised or cut.
DRIP	Those checks buy more shares. The new shares pay you too. That is compounding.
Total return	Price change plus reinvested dividends. That is the number that matters.
Diversify	Own many businesses, or a fund that owns them, so one bad story is not the pile.
401(k) match	Money your employer adds when you contribute. Unclaimed, it is a raise you refused.
Dollar-cost avg.	Buying on a schedule, a little at a time, instead of hunting for the perfect day.
Split	The price is cut and you get more shares. Your money stays the same that day.

Where the numbers come from

Share prices are Yahoo Finance: the October 2016 month-end close, and the October 9, 2026 close. Dividends reinvested uses the split- and dividend-adjusted prices over that window. Dividend amounts are what the shares were paying in early October 2026. A separate 10-year check (Total Real Returns, through October 9, 2026) lands in the same neighborhood. Nvidia moves so fast that the exact day you bought changes the dollar result. Coca-Cola closed near $88 and Apple near $337 on October 9, 2026.

The monthly example is YX Insights through September 24, 2026. The frozen-price DRIP table is a classroom sketch, not a historical quote. The 401(k) math is a formula. Your plan document is the one that counts.

Stocks fall. Dividends get cut. You can lose money. The last ten years were a strong decade, and the next ten do not have to look like them. This is a classroom lesson, not a buy or sell tip.