



## Become a TFSA Millionaire by Investing in Dividend-Growth Stocks

### Description

There are many ways to save for your retirement. Some are easy and some are difficult. Most often we ignore the easiest ones.

Tax-Free Saving Accounts (TFSAs) in Canada are the best investment vehicles to start your saving journey. According to a famous personal finance blogger, Rob Carrick, it's "your ticket to a tax-free \$1 million."

Having a TFSA comes with many advantages for young savers because they're structured to promote saving habits. I also think investing through a TFSA is much better than RRSPs. While both allow investments to compound tax free, RRSPs come with a tax liability at the end of their lives. Any withdrawals are taxed as ordinary income. TFSAs, meanwhile, can be cashed out without incurring a tax liability.

### Here is how it works

If you start a TFSA account with a \$5,500 investment at the age of 20 and make the maximum annual contribution for the next 40 years, you could retire with a \$1 million TFSA. More precisely, you'll have \$1.187 million in your account, including \$788,000 as an investment return on your contributions. The assumptions here are that the rate of inflation will be 2%, and you'll be able to maintain 5.5% rate of return on your portfolio.

So, how are you going to achieve this goal to become a TFSA millionaire?

The game plan is simple and very much dependent on your ability to remain firm on your saving plan. You don't need a "cowboy stock" trading approach with aggressive buying and selling or to indulge in day trading.

You'll build your million-dollar retirement nest egg by using your maximum TFSA limit each year and picking quality stocks that pay regular dividends. You will need to pick companies with wide economic moats — a term coined by the world's most successful stock picker Warren Buffett to explain the competitive power of some businesses.

These companies generate a lot of cash, and they distribute most of it among their shareholders in dividends that grow each year.

In Canada, we have many stocks that can be part of your TFSA million-dollar portfolio. Companies like **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)), **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) are among the top names that have long histories of rewarding their shareholders with hefty dividends.

### Bottom line

Banking, energy utilities, and telecom companies are the backbone of our economies. For long-term investors, these companies not only provide stability, but their returns are the safest in town.

If you're just starting to build your retirement portfolio, there is good news for you. Yields of many top dividend companies are currently in the range of 4-5% after a recent pullback in their share prices. So, the timing can't be better than this if you're willing to take the first step and start your saving journey.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:RY (Royal Bank of Canada)

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