



3 Stocks That Will Allow TFSA Investors to Reach \$2 Million in Savings

Description

For investors wanting to reach the \$2 million mark, the most challenging million will be the first one. For investors contributing the current annual maximum Tax-Free Savings Account (TFSA), contributions will need a rate of return of 14% over a 30-year time horizon to reach the number. It is important to take into consideration the total amount of time the first million will take to reach and just how much faster the second million will come.

At a 15% rate of return, the \$5,500 annual contributions will need 25 years to reach the \$1 million mark and only another five years to multiply that to \$2 million. With the power of compounding, investors have the potential to become very wealthy over time, but it's conditional in that they must choose the right securities over the long term.

With a footprint that can never be replicated, shares of **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) have appreciated in value at a compounded rate of more than 45% over the past five years, as the company's value has become better realized by long-term investors. Currently, the catalyst for shares to continue their increase in value is the price appreciation per barrel of oil, which will not only allow for more oil production (and more oil to be transported by rail), but more goods will be transported by train instead of via long-haul trucking due to the cost savings. The future looks bright for shareholders of Canadian National Railway Company!

For investors looking to benefit from rising rates, shares of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) are most attractively valued. Although shares have increased at a rate of only 9.3% over the past five years, the dividends paid in addition to the price appreciation are not far from the 14% required rate of return. With things cooling since the beginning of the year, the bank has done no better than sideways price returns as investors are more cautious than anything. Given that the Toronto-based bank recently completed another acquisition south of the border, the cost savings from the economies of scale and operating improvements of these strategic targets still needs to be realized.

The last name for long-term investors to consider as they make their way to the \$2 million mark is **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), which after completing an initial public offering (IPO) in 2015, has seen shares increase by more than 160% in the past year and by more than 320% since the IPO. Although this name does not boast a long-term track record of profitability, investors must realize

that the company is in the process of defining the payment process for many small- and medium-sized businesses as the internet and mobile platforms continue to mature. Although this name carries a greater amount of risk than the first two established names, the pie is growing at a much higher rate for Shopify.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
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