



## How to Retire as a Millionaire Using Only a TFSA

### Description

For new and experienced investors alike, the opportunity to retire as a millionaire is actually much easier than most would believe. Although the hardest part of the process for most investors is saving the money, the truth is that saving is the only part of the process that investors have complete control over.

Once the annual contributions are made, the fun of the investing process begins. To reach the \$1 million mark within a 30-year period, investors need to begin with making annual contributions. For 2018, the annual contribution limit is \$5,500, which provides a good base for all investors. As the annual TFSA limits are increased according to inflation each year, we will assume an annual limit of \$6,000 in the years that follow.

If an investor can achieve an average rate of return of 10% per year and make annual contributions of \$6,000 every year, then it would take less than 30 years for a Tax-Free Savings Account (TFSA) to grow to more than \$1 million.

The hardest part of this process will be to find investments that offer an annual return of at least 10%, as investors will have to depend on company management to execute a strategy and deliver the results. When we look into past winners, the good news is that there are a number of examples which prove that a return of at least 10% per year is possible. It is with these names that we want to begin our search for the best investment opportunities that lie ahead.

The first name on the list is none other than **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). The bank has returned more than 80% over the past five years, which translates to a compounded annual growth rate (CAGR) of almost 12.6%. For those who are wondering, this CAGR accounts for only the increase in the share price. The dividend payments, which currently yield close to 3.25%, are in addition to this return.

When searching for investments that go beyond Canada's big banks, the next name on the list is **Manulife Financial Corporation** ([TSX:MFC](#))([NYSE:MFC](#)), which performed even better over same period by returning a total of 90% (13.7% CAGR) in addition to a dividend yield which is currently in

excess of 3%. As insurance companies have a lot of long-term capital in their coffers, the [best still may be yet to come](#) for this name, as interest rates are set to increase once again over the next few weeks.

The last name on the list is **Morneau Shepell Inc.** (TSX:MSI), which proves that [value can be found in many places](#). In the business of providing health and productivity services to employers, the current dividend yield (which is paid monthly) is no less than 3.5%. Over the past five years, shares have increased by a total of 74%, which equates to a CAGR of 11.73%. The best characteristic of this investment, however, remains a very low level of volatility. The beta is currently 0.68.

With a successful track record on their side, investors seeking to achieve millionaire status now know where to start!

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:RY (Royal Bank of Canada)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Date

2025/06/30

## Date Created

2018/01/13

## Author

ryangoldsman

default watermark

default watermark