



How to Begin RSP Savings

Description

With close to one month left before the deadline to make contributions to Retirement Savings Plans (RSPs) for the 2017 tax year, investors still have a reasonable amount of time remaining before the 2017 window for a tax deduction closes on them and they have to wait for [another year](#) before being able to use their contributions as a tax deduction. Of course, the advantage for investors contributing money to an RSP is the tax deduction they receive (as RSP money can be thought of as pre-tax) in addition to the sheltered investment gains that will follow.

For investors who are now seeking to begin making RSP contributions, it is far easier than many are led to believe. Similar to a TFSA, the money inside the plan can grow on a tax-free basis with the exception that contributions have a tax benefit. The result of this is most often that investors who choose to use RSPs most often have a longer timeline, which means they can choose investments that are substantially more aggressive than they would otherwise buy. The caveat, of course, is that risk should not be assumed simply because it is available.

Out of the many exciting names for investors to consider, the top name on the list is none other than **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), which has, again, taken a run at its 52-week high, as the company has clearly proven itself to investors in spite of the well-publicized short-selling campaign of Andrew Left from Citron Research.

In spite of lacking bottom-line profitability, the company has continued to fly high, as the ability to scale the operation is better understood than ever. At a price close to \$160 per share, the company trades at a close to 27 times revenues, which may seem expensive, but is actually very reasonable. When comparing this company to other web-based platforms, investors may actually be getting a bargain.

If we were to assume a very conservative profit margin of 5%, Shopify could turn out a bottom line of almost \$30 million (at current revenues, which have been growing at a rate in excess of 1,000% over the past several years). For this fiscal year, the increase is expected to be close to 50%, as growth has started to slow. In spite of this, in only a few years, the company could still be making a profit of no less than \$0.75 per share, which could then continue to be [scaled](#), as the world continues to move online and economies of scale are hopefully created.

With so much potential on the horizon, shareholders of Shopify have a lot to look forward to. The only condition is that the runway be long enough for investors to enjoy the success.

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