

# Calling All Millennials: Here's How a \$10 Million TFSA Is Possible

## Description

Many millennials dream of one day having [a \\$1 million TFSA](#).

While it may not be enough to fully fund a retirement a few decades from now, there's no arguing it'll still be a great start. Add in other retirement income sources — like an expanded Canada Pension Plan program — and most of an investor's retirement is secure without the benefit of an employer pension.

But we're not just happy with helping folks become TFSA millionaires. We also want them to become as wealthy as possible. Why strive for \$1 million when \$2 million, \$5 million, or even \$10 million is possible, all within the confines of your TFSA?

Let's take a closer look at how you could become a decamillionaire using just your TFSA. Not only is it possible, but it might also be easier than you think.

### First, pick great stocks

Many millennials invest their TFSA in GICs and so-called high interest savings accounts — products that don't pay much more than 1% annually. Some do this because they're unaware TFSA assets can be invested in stocks. Others don't know how to get started in the market. And many people limit themselves because they're petrified of loss.

The simple fact is this: stocks are the best way for investors to grow their money over the long term. Returns might be choppy, but overall they perform much better than the alternatives.

The secret is investing in the right stocks. Two great ones that have done well for years are **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)).

Both of these companies own energy infrastructure assets across North America. They're best known for pipelines, but they have other assets as well. Both have diversified into both natural gas and oil storage, power generation, and providing natural gas to homes.

Outside of Alberta, it's seemingly impossible to get pipelines built. This is great news for the companies that own the existing pipelines. These assets are worth more each time a new line gets squashed.

Both Enbridge and TransCanada have been wonderful investments. Including reinvested dividends, TransCanada has returned 9.1% annually over the last 20 years. Enbridge has performed even better, increasing 12.2% each year including reinvested dividends. A portfolio consisting of \$10,000 invested in each company 20 years ago would be worth close to \$150,000 today if the dividends were reinvested.

Say both Enbridge and TransCanada continue to perform this well over the long term. Just how much would you need to invest in these stocks to hit a \$10 million target?

## Time is your friend

Say our hypothetical investor is turning 20 this year and puts her money to work in Enbridge and TransCanada, earning a 10.65% annual return. She invests \$6,000 per year in the two stocks, which is the new TFSA limit.

How long would it take her to hit \$10 million?

Not as long as you might think. After 50 years of tax-free compound growth, our hypothetical investor would hit \$10.7 million. That puts her at 70 years old, well within the normal lifespan of someone that age today.

A couple can work together to hit this goal even faster. If they each put in \$6,000 per year and earn 10.65% annually on their money, they'll each hit \$5 million in 43 years. If they got started at age 22, when most people graduate from university, this sets them up quite well come retirement time.

## The bottom line

I'm the first to admit building a \$10 million TFSA won't be easy. It's tempting to cash out your TFSA when a cash boost is needed, especially as the account grows into serious money. And life has a way of throwing curve balls our way, which makes maxing out contributions each year tricky.

But if you can stick with it and stay the course (and if you're young enough), a \$10 million TFSA is certainly possible. Who wouldn't like to end up with that kind of nest egg once you retire?

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

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## Date

2025/07/06  
**Date Created**  
2018/11/26  
**Author**  
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