



## How to Use Your TFSA to Retire Rich

### Description

There are many ways to retire rich. One of the best ways for Canadians to achieve their goal of a “fat and unbreakable nest egg” is to leverage the profoundly powerful effects of tax-free compounding through a TFSA.

Now, you’re probably well aware of the wealth-boosting effects of the tax-free investment vehicle, so my goal is not to encourage you to put every penny of your TFSA funds into high-growth, high-risk equities. Rather, I’d encourage investors to continue sticking with a disciplined plan of investing in high-quality dividend-growth stocks and reinvesting every penny.

It’s tempting to withdraw cash from your TFSA, and although you’ll be able to re-contribute next year, it would be better practice to keep your emergency fund separate from your TFSA, as you’ll get far better long-term effects this way.

If you can leave the wealth in your TFSA alone and keep adding water (your annual TFSA contribution) to it every year, you’ll grow a tree that’ll one day provide enough fruit for you to live off of.

While some of the younger investors out there certainly can maximize their growth potential, the fact of the matter remains that a vast majority of us either aren’t able or aren’t willing to take on the maximum amount of investment risk when it comes to one’s TFSA.

A buck in a TFSA is worth a hell of a lot more than in a non-registered account. And I’m sure you’ve heard this said many times in the past, but losses can’t be used to offset gains in other non-registered accounts, so a steep decline in shares within a TFSA will hurt you that much more. It’s a one-two punch to the gut, and although you can probably get back to your feet in time, the best strategy, I believe, is to find the perfect blend of securities that are in align with your risk tolerance.

Try to take on more risk for more reward and the road of the richer retirement, but don’t feel obligated to bet the farm on a risky asset. And don’t bet on a speculative investment if you have any doubts about what your actions will be once the chart trends lower.

If there’s even the slightest possibility that you’ll throw in the towel on your position just because the

chart sours, you should probably take a step back, and either do more homework or think about a more conservative mix of assets to invest in for your TFSA.

One stock that anybody can feel comfortable owning at night is [Restaurant Brands International](#) ([TSX:QSR](#))([NYSE:QSR](#)), a dividend-growth stud that keeps raising the bar not just for itself, but for the exclusive group known as the Dividend Aristocrats.

Restaurant Brands is no Dividend Aristocrat — at least, not yet. It's far too young of a company to qualify for the status of an Aristocrat, but the company has many traits that make me believe that the company is a Dividend Aristocrat in the making.

First, the managers, 3G Capital, are incredibly shareholder friendly — such that it's rustled the feathers of several franchisees that have rebelled in the past. Although the cost cuts to finance a bigger dividend may be seen as damage to the firm's brand equities, I'd go out on a limb and say that the brands under the Restaurant Brands umbrella are too powerful to be tarnished by management mishaps.

In the end, management will learn from their mistakes and continue to do everything in their power to reward shareholders, both through gains and dividends.

Second, fast food is a stable business when times get tough. They're what economists call "inferior goods," which are goods that tend to sell well in times of economic hardship.

When one's personal balance sheet is tight, fast food is an option that won't leave a big dent to the wallet. The nature of the goods that Restaurant Brands sells allows the company to command consistent sales and [dividend growth](#), regardless of the state of the economy.

When it comes to your TFSA, Restaurant Brands is the type of investment you can keep coming back to.

Stay hungry. Stay Foolish.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

## PARTNER-FEEDS

1. Msn
2. Newscred

3. Sharewise
4. Yahoo CA

### Category

1. Dividend Stocks
2. Investing

### Tags

1. Editor's Choice

### Date

2025/07/04

### Date Created

2019/04/18

### Author

joefrenette

default watermark

default watermark