Turn a $15,000 TFSA Into $445,000 the Easy Way

Description

When it comes to making an investment, the task can seem daunting to many Canadians. But there are very easy and, frankly, lazy ways for Canadians to invest and still reap some pretty amazing rewards.

What it comes down to is using what you have, and what you *should* have by now is a Tax-Free Savings Account (TFSA). The TFSA currently offers every Canadian $63,500 of room to contribute to stocks, ETFs, you name it, all tax free. While you may not have $63,500 just lying around, starting even with a small amount and reinvesting your profits can be the easiest way to increase your bottom line.

Another easy decision: choose stocks with reliable dividend growth and a strong track record of positive historical performance and reinvest those dividends. Let's look at what stocks those could be.

Suncor

As the oil and gas industry continues to rebound, **Suncor Energy** (TSX:SU)(NYSE:SU) should be one of the first to benefit. That's because even during times of volatility, Suncor has a strong balance sheet and stable operating cash flow that can both limit the effect of the markets and support the company's expansion projects.

Those expansion projects include oil sands projects that should provide the company with several decades of production of crude oil. This integrated business means it has an advantage over pure-play producers, as it can still continue to perform well during times of turbulence.

It also means it can continue to increase its quarterly dividend, which, as of writing, is 4.03%. Yet the stock still trades belong fair value at around $41 per share. In the next year, analysts believe it could increase by almost 60% as oil rebounds, making now the ideal time to buy.

TD

There are a few reasons to buy up shares of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). TD is one at the top of the Canadian bank food chain, and part of that is due to its immense presence across the border. In fact, TD's American business is now one of the top 10 banks in the United States.

It's this segment that has been giving the bank a lift even during market downturns. While its peers missed analyst expectations, TD reported strong fiscal results for the second quarter of 2019. As for the future, now that TD has taken on the U.S. market, it looks like it'll be moving on to wealth management with an acquisition last year that management anticipates could bring a 7-10% increase in earnings per share.

The stock is also trading below fair value, with analysts expecting an increase of 20% in the next year. On top of that, there's the dividend yield of 4.01% at the time of writing, which has seen a compound annual growth rate of 11% over the last 20 years.

CP

Finally, we have **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) — a stock that's as steady as a railway. Of the two railway stocks out there, CP has come out on top after doing the heavy lifting of tearing things down to build it back up to where it is today. This involved selling assets, hiring, firing, all to reinvest in its infrastructure.

Today, management expects the company to see double-digit adjusted earnings-per-share growth for the year, which led them to increase the dividend by an incredible 27.5% in the first quarter — a quarter that saw less-than-ideal results due to bad weather. The dividend now sits at 1.12%.

Historically speaking, since the shake up, shares have increased in the last decade at a compound annual growth rate of about 20%. In the past six months alone, shares have gone up 35%, with analysts expecting further growth of about 14% in the next year.

Foolish takeaway

These three stocks provide the perfect combination for TFSA investors. Each has a stable history of positive performance, a strong track record of increasing dividends, and room for future growth. If an investor were to use that $63,500 contribution room today, in only a years' time they might have profit of $19,350, with an annual dividend of $1,927.

But if you only have $15,000 today, it would take about 30 years with reinvesting your dividends to get to that sweet spot of $445,000.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CP (Canadian Pacific Railway)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/08/28
Date Created
2019/06/15
Author
alegatewolfe