Millennials: Should You Wait for a Crash Before Betting Big on Stocks With Your TFSA?

Description

If you've been contributing to your TFSA regularly since its inception 10 years ago and using the proceeds to invest in blue-chip securities rather than timing your entries and exits into and out of the market, you're likely sitting on a colossal sum.

As the TFSA came to be when the stock market was near a bottom of the financial crisis, if you put your TFSA money to work immediately, you would have rode an incredible rebound. If you didn't contribute and were reluctant to put money in the markets after the broader markets imploded, you chose to time the market and missed out on quick and easy gains doing so.

Now you may not have been able to contribute back then due to a lack of capital or knowledge of the financial markets, which is entirely fine. The point that I'm trying to drive home is that the TFSA is an invaluable investment tool that can make a profound difference in as little as a decade's time and that timing the market with your TFSA is a horrible idea.

It's difficult to fathom the wealth-creating effects made possible by tax-free compounding over the long term, so unless you've got a crystal ball handy, it's a good idea to keep your TFSA funds working for you.

We're in the latter stages of the longest bull market in recent memory; however, shouldn't you just wait for the market to crash before putting your TFSA funds to work?

That's a common question I hear from many cautious Millennials, and while their risk aversion may seem commendable given the financial disasters between in the 2000s, being overly conservative is actually a larger risk in itself in the grander scheme of things, especially for today's young investors.

The current bull market is old, but that's not stopping it from hitting the age of 20 or even 30. Technically speaking, Australia hasn't suffered a recession in nearly 30 years, and if the American economy continues pulling through in spite of the dire economic indicators flashing, you could be waiting a very long time before getting your chance to put your money to work after a crash.

Changing the world, getting rich, and not risking your shirt

If you're still a bit worried about investing in what may be the late stages of the market cycle, I'd advise going for prudent investments like **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), a renewable energy and regulated utility powerhouse with investments spread across the board.

With hydro, wind, solar, water utilities, and gas assets, among many other encouraging businesses, the name is a one-stop shop for Millennials who want to use their capital for the greater good while making an impressive return (except for dividends, shares have doubled over the past year) and not overexposing themselves to market-wide volatility (a ridiculously low three-year beta of 0.35).

To make holding the stock easier over prolonged periods, there's a bountiful 4.63% dividend yield that's well supported and appears to be subject to above-average growth over the next decade and beyond.

Stay hungry. Stay Foolish.

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