



## Millennial Couples: Here's How You Can Build a \$5 Million TFSA

### Description

I firmly believe that every millennial should aim to have a [million dollar TFSA](#). The good news is this doesn't look to be that hard. As long as you max out your contributions each year and get a decent rate of return, it's inevitable.

Younger folks with the ability to save quite a bit can do much better than having just \$1 million in their TFSAs. These people can hit \$2 million... \$3 million... or even \$5 million. Imagine the tax-free income spun off from a \$5 million TFSA. You'd be living your golden years in style.

Getting to \$5 million isn't that hard for a millennial couple to do. Let's take a closer look.

### The magic of compounding

Young people have a big advantage over their parents. They have gobs of extra time for compounding to work its magic, which turns good investment performance into stellar results.

Let's look at a quick example at how much having extra time matters. Say we have a millennial couple who are both 25 years old. They each have a combined \$48,500 in TFSA contribution room available today, which we'll use as our starting amount.

These folks then put a combined \$12,000 to work annually, the current limit. We'll assume this contribution stays the same even though it's set to rise with inflation. Next, let's assume a very reasonable 8% return over the life of the investment.

Just how much money would these millennials accumulate by the time they hit 65? You won't believe it. They'd be sitting on a combined TFSA worth \$5.46 million.

An even more impressive result would be if these investors managed to get a 10% return, which is about what the TSX Composite has done over the long-term. A 2% extra return over 40 years would turn into a \$10.2 million nest egg!

Getting there isn't as hard as you'd think. All investors need to do is pick [great Canadian stocks](#) with long growth pathways in front of them. Here are a couple I really like today.

## A&W

**A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) is expanding on two fronts. It's growing same-store sales as well as increasing its restaurant footprint. Put the two factors together and we have an incredibly powerful story.

In 2018, A&W grew same-store sales approximately 10%, buoyed by the success of its **Beyond Meat** burger, a new collaboration with several of the food delivery apps, and a continued focus on fresh ingredients and delicious food. It also saw growth in the number of restaurants; the company will surpass 900 locations in 2019.

Management has been smart adapting the restaurant to more unique locations, including shrinking the concept to fit in small spaces in Canada's largest cities. This has been an excellent growth driver.

Over the last 15 years, including reinvested dividends, A&W shares have rocketed 16.2% higher annually. I'm confident that the stock can return at least 10% annually over the next 15 years, especially after we consider the company's 4.2% dividend yield.

## TD Bank

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is widely regarded as Canada's finest bank stock, the best company in an industry that's helped countless investors get wealthy. What's not to like?

Let's start with its Canadian operations. TD has quietly risen to the top of every important Canadian banking category and is now neck and neck with **Royal Bank** in mortgage lending. Its wealth management division is top notch. The company has made several acquisitions to bolster its credit card division, too.

While investors like the steady Canadian operations and their robust profits, many cite the company's U.S. expansion as the main reason they're attracted to the stock. TD has done a nice job over the last 20 years building a U.S. bank with exposure all down the eastern seaboard.

Growth is still strong, with U.S. retail operations seeing a 40% jump in adjusted earnings in 2018. The American banking market is still very fragmented, which bodes well for future growth.

And then we have TD's dividend. The current yield is 3.8%, an excellent payout in today's low-yield world. Dividend growth has been stellar as well, and investors don't have to worry about the payout ratio. TD's payout is about 50% of its earnings, which is very sustainable.

## CATEGORY

1. Bank Stocks
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## TICKERS GLOBAL

1. NASDAQ:BYND (Beyond Meat)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AW.UN (A&W Revenue Royalties Income Fund)
4. TSX:TD (The Toronto-Dominion Bank)

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## Author

nelsonpsmith

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