



How to turn Your \$6,000 TFSA Into \$75,000

Description

When I was asked if it was possible to turn a \$6,000 TFSA into \$75,000, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) or RBC immediately came to mind. I answered the query by saying that investing in Canada's largest bank by market capitalization can fulfill that financial goal.

The dominant financial institution that has operated for over fifteen years can help TFSA investors achieve whatever amount of monetary gains you're after within a lengthy investment period.

In case you haven't maxed out your TFSA of \$63,500 and have that amount in tow, you're closer to \$75,000.

However, that's not always the case. Building wealth or planning for retirement takes time. Investors need to be patient and disciplined to finish what they started.

Hold for life

Royal Bank of Canada is a "hold for life" stock. Investing in this \$150.55 billion banking giant doesn't require extensive research or analysis even by newbie investors. Your common sense will tell you that RBC will not grow this big were it not for the increasing profitability over generations.

RBC pays an annual dividend of 3.9% with a payout ratio of 45.42%. Although the dividend yield is not the highest in the banking industry, receiving steady, increasing income stream is 110% guaranteed.

One concrete indicator to check the soundness of the investment is dividend growth. RBC's five-year dividend growth is 9.02%.

There are periods when interest rates are high and the stock price offers capital growth. In a low-interest rate scenario, you can increase your gains by reinvesting the dividends as they come.

Slowly but surely, your \$6,000 TFSA will gradually grow without you realizing the \$75,000 target has been reached.

Steady as it goes

RBC's stock price is up 14.47% year-to-date. Don't be disheartened when you see stocks in other sectors whose prices are flying high and doubling with every movement. That is not the nature of [bank stocks](#).

RBC represents financial strength and stability. The bank could withstand or endure any financial crisis, geopolitical uncertainties and market volatility. Unlike tech startups, bankruptcy, insolvency or collapse is never talked about by Royal Bank of Canada's investors.

In terms of banking performance, RBC is unbeatable in in mass market banking. The bank has maintained a high-quality credit portfolio as it presses forward to expand the wealth management business, especially in the United States.

The bank's financials is the major takeaway. Many are saying that the banking sector is facing serious challenges, but Royal Bank of Canada seems to be oblivious of that negative sentiment.

Total revenue has been steadily growing over the last four years and net earnings are consistent with that of the top-ranked bank.

I have no reservations about putting in a good word for the biggest bank in Canada. TFSA investors can confidently fatten their balances without having to strictly monitor their investment. That is the real benefit of placing a blue chip stock like Royal Bank of Canada in your portfolio.

Why worry about the long-term? Let the bank stock take care of your [financial future](#).

CATEGORY

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