



Millionaire Wannabes: Turn Your TFSA Into \$1,000,000

Description

The best years to save for retirement or the future are when you're between the ages of 20 and 30. Millennials today dream of becoming millionaires someday. However, the easiest way for millionaire wannabes to realize the vision is to make full use of their TFSAs. Your \$63,500 can turn into a \$1,000,000.

At the onset, it seems ridiculous to grow a million-dollar TFSA. It's only been a decade since the government introduced the Tax-Free Savings Account (TFSA). But you can't find any other account superior to the TFSA. All you need is time, discipline, and a reliable dividend-paying stock.

Stock for the wannabe millionaire

There is wisdom in investing in a bank stock like **Laurentian** ([TSX:LB](#)). Laurentian is smaller than the top five Canadian banks but is still a strong regional player. The stock could help you [create a million-dollar asset in your TFSA](#).

Over the past 10 years, the \$1.9 billion Montreal-based bank has been paying dividends. The stock pays an annual dividend yield of 5.9%, which is higher than the [dividend yield](#) paid out by the bigger banks. Laurentian is ranked number 10 in the top 25 dividend stocks.

Some investors pass on Laurentian because of troubles in the mortgage portfolio. However, they do not see that the bank operates in Quebec, which is regarded as a fiscally responsible province. The real estate market in Montreal is also booming.

A sharp downturn in the real estate market will not sink the bank. Laurentian provided protection by insuring 50% of the loans granted and maintaining a loan-to-value ratio on new loans at 63%. The bank is aiming to increase profitability and bring it up to the level of the major Canadian banks by 2022.

Likewise, the stock is no longer in the doldrums, as it was when the year started. It has regained strength primarily because the bank has been turning handsome profits over the last three years. The dividends are safe and sufficiently covered given the 48% payout ratio.

Aim for \$1 million

Now that we've identified the dividend rock star for you, it's time to use the tax-free power of your TFSA. Remember that interest, dividends, and capital gains you earn within your account will never be taxed.

The key is to remain consistent in your deposits. Don't pressure yourself, even if you have less than \$10,000 as an initial investment. Try to contribute \$500 a month to your TFSA consistently. While maxing out your TFSA contribution room is ideal, depositing the amount religiously will bring you closer to \$1 million.

With the 5.8% annual dividend yield of Laurentian, you're almost certain to realize a seven-figure retirement fund. The bank could even hike the dividend rate if the business momentum continues. You can also boost your TFSA balance through dividend reinvesting and relish the compounding effect.

Retirees can live on dividend income for as long as they're invested in the best dividend stocks. You don't have to touch or withdraw the principal. Laurentian Bank can turn an average portfolio into a very profitable one.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/22

Date Created

2019/08/06

Author
cliew

default watermark

default watermark