



## 1 Stock That Has Everything You Need to Get Your TFSA to \$1,000,000

### Description

In order to build your TFSA and help it grow, it's important to find quality stocks to put into it that give it a good opportunity to rise. There's no one approach you can take; you can focus on dividend income or you can look for a good growth stock. Both have their own pros and cons.

However, what you can do to help maximize your overall returns is to combine those factors. A stock that is a good bet to rise in value and that has dividends that have increased over the years will give your portfolio many different ways to grow. The good news is that there are some stocks that offer all of that, with one of the better ones being **Canadian Tire** ([TSX:CTC.A](#)).

The stock has a lot of promise with the company recently [acquiring Party City](#) and adding another dimension to its store and finding a new way to grow its business. Although Canadian Tire stock has struggled over the past year, declining by around 20%, the reduced price can help make it more of an attractive buy today, as it gives it more potential to rise.

Canadian Tire is by no means an expensive stock, trading at a price-to-earnings ratio of around 12 and a price-to-book multiple of just two. If it can continue performing well, then there's little reason to believe that the stock can't continue to rise in value, regardless of how it has done this past year.

### Dividends can help amplify returns

What makes the stock even stronger is its dividend. With a yield of close to 3.1% today, it's by no means going to be the highest-yielding stock that you can own. However, with many [rate hikes](#) in recent years, investors may see that dividend continue to get higher in future.

That means the higher dividend income will ensure that you're earning more on your initial investment over the years, giving your portfolio stronger returns overall.

### How the stock can get you to \$1,000,000

Now, let's get to the actual model to see how Canadian Tire stock can grow your TFSA. One of the assumptions I'll make is that you'll max out your TFSA at \$63,500 and purchase Canadian Tire stock. I'll also assume that the stock rises by a modest 5% per year and that it continues raising its dividend by around 15% per year, which is where it has been at over the last five years. Here's how those numbers would look under that scenario:

Year	Portfolio	Annual Dividend	Cumulative Dividend	Portfolio + D
1	\$66,675.00	\$2,003.23	\$2,003.23	\$68,678.23
2	\$70,008.75	\$2,303.72	\$4,306.95	\$74,315.67
3	\$73,509.19	\$2,649.27	\$6,956.22	\$80,465.46
4	\$77,184.65	\$3,046.66	\$10,002.88	\$87,187.51
5	\$81,043.88	\$3,503.66	\$13,506.55	\$94,550.43
6	\$85,096.07	\$4,029.21	\$17,535.76	\$102,631.74
7	\$89,350.88	\$4,633.59	\$22,169.35	\$111,520.23
8	\$93,818.42	\$5,328.63	\$27,497.99	\$121,316.41
9	\$98,509.34	\$6,127.93	\$33,625.91	\$132,135.25
10	\$103,434.81	\$7,047.12	\$40,673.03	\$144,107.84
11	\$108,606.55	\$8,104.19	\$48,777.22	\$157,383.73
12	\$114,036.88	\$9,319.81	\$58,097.03	\$172,133.89
13	\$119,738.72	\$10,717.79	\$68,814.82	\$188,553.51
14	\$125,725.66	\$12,325.45	\$81,140.27	\$206,865.91
15	\$132,011.94	\$14,174.27	\$95,314.54	\$227,326.19
16	\$138,612.54	\$16,300.41	\$111,614.95	\$250,227.49
17	\$145,543.16	\$18,745.47	\$130,360.43	\$275,903.63
18	\$152,820.32	\$21,557.29	\$151,917.72	\$304,738.04
19	\$160,461.34	\$24,790.89	\$176,708.61	\$337,169.93
20	\$168,484.40	\$28,509.52	\$205,218.13	\$373,702.53
21	\$176,908.62	\$32,785.95	\$238,004.08	\$414,912.57
22	\$185,754.06	\$37,703.84	\$275,707.92	\$461,461.41
23	\$195,041.76	\$43,359.42	\$319,067.34	\$514,109.18
24	\$204,793.85	\$49,863.33	\$368,930.68	\$573,724.51
25	\$215,033.54	\$57,342.83	\$426,273.51	\$641,307.34
26	\$225,785.22	\$65,944.26	\$492,217.76	\$718,002.60
27	\$237,074.48	\$75,835.90	\$568,053.66	\$805,128.50
28	\$248,928.20	\$87,211.28	\$655,264.94	\$904,193.78
29	\$261,374.61	\$100,292.97	\$755,557.91	\$1,016,932.52

## Key takeaways

Dividends play a big role in this model, as you can see how much potential they have to grow. That being said, a 15% rate hike every year may not be very likely. Canadian Tire serves merely as an example in this situation. You could swap the stock out for one that has better dividend growth prospects if over the years it looks like the rate increases might not continue at the same rate.

The purpose of this is to show how finding a good dividend stock can make a big difference on your TFSA. If Canadian Tire's stock would rise at a higher rate than just 5% per year, that too could have a big impact on what these total returns would look like.

By combining both dividends and capital appreciation, you'll help improve the financial performance of your portfolio.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

## **PARTNER-FEEDS**

1. Business Insider
2. Msn
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4. Sharewise
5. Yahoo CA

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