



How to Turn Your TFSA Into \$1,000,000

Description

Saving for a comfortable retirement is becoming increasingly difficult. A combination of low interest rates and choppy financial markets are making it harder to generate solid returns from traditional lower-risk assets.

Then you have the ever-rising cost of living, which now sees some pundits claiming that even \$1 million is not enough to retire on.

For these reasons, it is important to start saving for your retirement as soon as possible. Even in a relatively modest time frame, such as around 30 years, it is possible to amass \$1 million and retire as a millionaire. This can be done by investing in a relatively low-risk, high-quality stock such as **Brookfield Property Partners** ([TSX:BPY.UN](https://www.bny.com/en/sectors/real-estate/brookfield-property-partners))(NASDAQ:BPY).

Why use a TFSA?

Key to achieving this is to use your Tax-Free Savings Account (TFSA) to hold your [investment](#) and accumulate your retirement savings because of its tax-sheltered nature. This is because all capital gains, interest, and dividend payments are essentially tax-free for life. That instantly removes one of the greatest long-term headwinds for wealth creation: taxes.

There are restrictions on how much can be contributed to a TFSA each year, but this won't prevent astute investors from building wealth. Eligible investors who have never contributed to a TFSA have a cumulative contribution limit including the 2019 contribution, which has reached \$63,500.

Each year the contribution limit typically increases, meaning that you can continue to increase your investment. This is particularly important to note, because it allows investors to access the power of compounding, thereby enabling them to create wealth at a faster rate.

Access the power of compounding

It is here where Brookfield Property's strengths become apparent. The business is essentially a real estate investment trust (REIT). It owns a globally diversified portfolio of quality assets centred on office and retail properties.

Since publicly listing in 2013, Brookfield Property has returned 55%, or 7% on an annualized basis, if all distributions paid were reinvested. That is a healthy return for a high-quality, low-risk REIT that has a wide economic moat and solid defensive attributes, making it an ideal long-term investment.

This is enhanced by Brookfield Property's focus on rewarding patient investors through regular distribution increases. The REIT has expanded its distribution at a compound annual growth rate (CAGR) of 6% since 2014 and plans to increase it by 5-8% annually.

Brookfield Property has also hiked that payment for the last six years straight to see it yielding a very juicy 7%, which is well in excess of the returns offered by traditional income-generating assets such as bonds and guaranteed investment certificates.

These attributes emphasize why Brookfield Property is the ideal [long-term investment](#) to create wealth. If an eligible investor who has never contributed to a TFSA before invested \$63,500 in Brookfield Property, added an additional \$6,000 annually, and reinvested all distributions paid, it would take around 29 years to accumulate \$1 million.

Foolish takeaway

In a 2018 survey published by the *Financial Post*, \$756,000 is the magic number of retire on, according to the Canadians polled. That means if you can accumulate \$1 million by the time you retire, then it should lead to a comfortable retirement.

This emphasizes how important it is to choose less-volatile lower-risk stocks like Brookfield Property, which deliver value to investors through a sustainable and steadily increasing distribution to build wealth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
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