



## How to Turn Your \$6,000 TFSA Contribution Into \$100,000

### Description

For 2019, the annual contribution limit for a TFSA is \$6,000. Although that may appear to be a modest amount, especially if you're saving for retirement, it can become much bigger if you choose a good stock to invest in, especially one that pays a dividend. That way, your portfolio can benefit from both capital appreciation and dividend income, helping to stretch your contribution as large as possible. All it takes is a quality stock to buy and hold.

One stock that stands out as both a good growth stock, and one that can produce significant dividend income over the years is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). Better known as TransCanada, the company has recently gone through a [name change](#) but it's still one of the top stocks on the TSX. Over the past 10 years, the share price has risen by about 112% and while there have been dips along the way, the stock has remained on an upward trajectory. That rate of increase averages out to a compounded annual growth rate (CAGR) of around 7.8% per year.

In addition to a rising share price, investors of TC Energy can also benefit from a [good dividend](#) as well. Currently yielding 4.3% per year, the company has increased its payouts over the years as well. Today, investors will earn \$0.75 every quarter for each share that they own. Five years ago, dividend payments were just \$0.48 and have increased by more than 56%, for a CAGR of 9.3%.

### Using these numbers to try and extrapolate future growth

If we assume that TC Energy will continue rising in value by around 7.8% every year and that its dividend payments will continue rising at a rate of 9.3% every year, here's how that \$6,000 investment in the company can grow over the years:

Year	Portfolio	Annual Dividend	Cumulative Dividend	Portfolio + Dividend
1	\$6,468.22	\$259.25	\$259.25	\$6,727.47
2	\$6,972.98	\$283.46	\$542.71	\$7,515.69
3	\$7,517.13	\$309.92	\$852.64	\$8,369.76

4	\$8,103.74	\$338.86	\$1,191.49	\$9,295.23
5	\$8,736.13	\$370.49	\$1,561.99	\$10,298.12
6	\$9,417.87	\$405.08	\$1,967.07	\$11,384.94
7	\$10,152.81	\$442.90	\$2,409.97	\$12,562.79
8	\$10,945.11	\$484.25	\$2,894.23	\$13,839.33
9	\$11,799.23	\$529.47	\$3,423.69	\$15,222.92
10	\$12,720.00	\$578.90	\$4,002.59	\$16,722.59
11	\$13,712.63	\$632.94	\$4,635.54	\$18,348.16
12	\$14,782.72	\$692.04	\$5,327.57	\$20,110.29
13	\$15,936.31	\$756.65	\$6,084.22	\$22,020.53
14	\$17,179.93	\$827.29	\$6,911.51	\$24,091.44
15	\$18,520.60	\$904.53	\$7,816.04	\$26,336.64
16	\$19,965.89	\$988.98	\$8,805.01	\$28,770.90
17	\$21,523.96	\$1,081.31	\$9,886.32	\$31,410.28
18	\$23,203.62	\$1,182.26	\$11,068.58	\$34,272.20
19	\$25,014.36	\$1,292.64	\$12,361.22	\$37,375.58
20	\$26,966.40	\$1,413.32	\$13,774.54	\$40,740.94
21	\$29,070.77	\$1,545.27	\$15,319.82	\$44,390.59
22	\$31,339.36	\$1,689.54	\$17,009.36	\$48,348.72
23	\$33,784.99	\$1,847.28	\$18,856.64	\$52,641.63
24	\$36,421.46	\$2,019.75	\$20,876.39	\$57,297.85
25	\$39,263.67	\$2,208.32	\$23,084.71	\$62,348.38
26	\$42,327.68	\$2,414.49	\$25,499.20	\$67,826.88
27	\$45,630.80	\$2,639.91	\$28,139.11	\$73,769.91
28	\$49,191.68	\$2,886.38	\$31,025.49	\$80,217.17
29	\$53,030.44	\$3,155.86	\$34,181.35	\$87,211.79
30	\$57,168.77	\$3,450.50	\$37,631.85	\$94,800.61
<b>31</b>	<b>\$61,630.04</b>	<b>\$3,772.64</b>	<b>\$41,404.49</b>	<b>\$103,034.52</b>

Using the assumptions noted above, it would take 31 years for TC Energy to grow the \$6,000 investment in its shares to over \$100,000. That's a long time, but investors need to remember that this is with a very stable stock. Investing in a company that has a higher dividend or that has stronger growth prospects could yield better returns overall. However, this analysis is based on assumptions, and there's also no guarantee that TC Energy will be able to average returns of nearly 8% every year or that it will be able to keep on increasing its dividend at the same rate.

## Bottom line

Even a \$6,000 investment today can prove to be a big part of your savings later on in life. By taking advantage of both a rising share price in increasing dividend payments, investors that are able to hold

on to a stock for years can reap the rewards later on. If you want to accelerate these results, the easiest way to do so is by increasing the amount you invest. As long as you have the room in your TFSA, you can make a larger investment.

What you can also do is look at high-growth stocks that might produce stronger results than TC Energy can. Alternatively, higher-yielding dividend stocks can also produce higher returns as well. There's a number of different strategies you can deploy, and this is just one example of how you can grow your contribution over the years.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

## **PARTNER-FEEDS**

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

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