



Master Your TFSA: 2 Pro Tips to See Your Savings Soar

Description

Many people envy Canadians because of the several long-term wealth-building vehicles. One of the best available to income investors in Canada is the Tax-Free Savings Account (TFSA). You can benefit from the TFSA because it offers tax-sheltered growth, tax-free withdrawals, and the flexibility to save.

Whatever interest, capital gains, or dividends you will collect within your TFSA are tax-free today and in the future. If you don't withdraw any contribution, you can potentially realize double-digit returns for a lifetime. But to see your savings soar, you have to remember the two most crucial tips.

No withdrawal and no over-contribution

Aside from the "no withdrawal" advice, pro TFSA investors are always mindful of the TFSA contribution limit. Knowing your available contribution room will protect you from incurring unnecessary penalties because of over contribution. Savvy investors would not want even a dollar less from the net total return.

Over-contribution is the most common error TFSA investors commit. There is the tendency to go beyond the contribution limit in their zeal to restore balances by returning the previous withdrawals. Why allow the Canada Revenue Agency (CRA) to call on you and make you suffer the consequences?

Your task is simple. You only need to resist the temptation to withdraw money and monitor your contribution limit. If you can follow these rules, there will be no obstacles to growing your TFSA balance for years to come.

Invest in your TFSA

Some Canadians mistake the TFSA for an ordinary savings account. The name denotes saving, but it's your investment vehicle to create a passive income, [build wealth](#), and be comfortable in retirement.

The TFSA is more useful as an investment basket of income-producing assets like shares of **Telus** ([TSX:T](#))

)([NYSE:TU](#)). This \$28.5 billion firm is the second-largest telecom provider in Canada. Before becoming a famous consumer brand, Telus was responsible for privatizing the Alberta Government Telephones Commission in 1990.

Today, Telus continues to support the province by connecting more homes, businesses, and schools to its PureFibre. Albertans also have better access to healthcare technology because of Telus.

Over the next five years, the telecom will be investing \$16 billion in Alberta and at the same time, support the creation of 20,000 family-supporting jobs. The company would further see growth with the introduction of the 5G network, which is the latest technology and emerging application in the sector.

From an investment perspective, you can [maximize the tax-free benefits of your TFSA](#) by purchasing the stock rather than leaving cash. Historically, long-term Telus investors were able to realize a 570% total return from the stock within a 20-year investment period. Their investment amount is only \$10,000.

Perpetual income

Canada's telecommunication industry is one of the most developed telecom industries in the world. Telus, along with the other industry giants, has the monopoly of the business. The situation won't change in the next decade or more, as new entrants will find it difficult to dislodge Telus from its lofty position.

Telus can provide you with perpetual income because it will be generating endless profits as well. Your savings will soar from this high-quality stock.

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Date

2025/08/21

Date Created

2019/10/05

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