



This Stock Could Make You a TFSA Millionaire

Description

Created in 2009, the Tax-Free Savings Account (TFSA) allows you to invest in stocks without having to pay taxes on either capital gains or dividends. You can grow your TFSA as much as you want, and you'll never have to pay taxes on the amount generated inside it. That is why you should aim to exploit the full potential of your TFSA by growing it as much as possible.

Your TFSA could well reach \$1 million and much more than that if you contribute the maximum every year, start contributing as soon as possible, and choose your investments wisely.

The maximum amount that you can contribute to your TFSA is \$6,000 for 2019. This amount will increase eventually as the TFSA annual room limit is indexed to inflation and rounded to the nearest \$500.

You should start contributing at a young age to give time for your investments to compound. By starting to contribute at 25 years old and contributing \$6000 per year, you will have more than \$1 million after 30 years if you have an average annual return of 10%.

You might think that it is better to buy stocks that are very volatile to become a millionaire faster. However, this is not a good idea, because while it is true that you can make a lot of money with volatile stocks, you can also lose a lot if things go south.

You should instead look for stocks that show [solid constant returns](#) over many years and that have high chances of continuing to show strong returns over the long term.

A food stock to buy and hold for decades

Stocks in the food sector are great stocks to reach your goal, as they are stable and not risky. Buying a stock like **Metro** ([TSX:MRU](#)) is a good choice.

Metro is a food and pharmaceutical company. It is one of the largest food retailers in Canada, operating more than 600 grocery stores.

Metro has developed a successful market segmentation strategy with its various grocery brands targeting three different market segments. For instance, Metro, Super C, and Adonis all target specific markets and customers.

Its drug business is carried out through more than 650 pharmacies and drugstores under the Jean Coutu, Brunet, Metro Pharmacy, and Food Basics banners.

The company continues to grow through partnerships and acquisitions that increase its customer base and commercial footprint. The most recent and most important one is Jean Coutu Group, which has created a retail leader worth \$16 billion. [Synergies](#) have already reached \$61 million on an annualized basis.

In addition, Metro is investing in strengthening and modernizing its distribution network. The company is building new distribution centers that will offer a broader range of products and will be fully or partially automated. The transformation began in 2018 and is expected to be completed by 2023. These efforts are expected to result in greater efficiency and cost savings for the food retailer.

With more than seven decades of experience in the consumer sector, the company is known for the freshness of its products and its superior quality. Over the years, Metro has built a solid reputation and won the trust of its customers.

The grocer provides essential services and therefore benefits from steady cash flow. The cash flow of the company is sustainable because it sells essential food and pharmaceutical products.

Metro has generously increased its dividends, with a compound annual growth rate of return (CAGR) over 15% in the last decade. The company last increased its dividends by 11%, marking the 24th consecutive year of growth. It currently has a dividend yield of 1.4%.

Metro's stock has a 16% CAGR over the last 10 years. With such high returns, your TFSA could reach \$1 million in less time than you think.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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