



## Turn Your \$69,500 TFSA Into a Million by Investing Like This

### Description

Another year means another \$6,000 to contribute to your TFSA. If you're one of many Canadians who have yet to contribute the full amount, check with the Canada Revenue Agency for the amount you're able to contribute once 2020 arrives.

It's vital that you contribute the maximum amount you're able and use the proceeds to invest in stocks, because by procrastinating and waiting for the markets to crash, you stand to lose a tremendous amount of capital appreciation, especially if you're a young investor, like a millennial, who's decades away from your expected retirement date.

Now, you're unlikely to turn a \$69,500 TFSA into a million bucks in its current state without annual contributions. Doing so would imply doubling your money 15 times over.

If you factor in annual TFSA contributions, however, I've demonstrated through [simple math](#) that hitting the million-dollar TFSA milestone is not only possible, but it's [inevitable](#) for today's young investors with investments as simple as a single ETF like **BMO Low Volatility Canadian Equity ETF (TSX:ZLB)**, a diversified basket of top-performing low-beta or "smart beta" stocks.

With such regular contributions factored into the equation, your TFSA could be worth \$1.5 million in 30 years, assuming a conservative net return of 9% per year with all your proceeds going into a single ETF as the ZLB, which is capable of outperforming under any market environment.

In short, it's as easy as sitting on your bum and continuing to buy one-stop-shop investments like ZLB to bring your TFSA from \$69,500 to \$1,000,000 if one contributes the maximum amount every year and invests systematically.

There are many paths to a million-dollar TFSA. The simple way involves sitting on your bum and investing systematically in ETFs like ZLB. The hard way involves investing in high-risk multi-baggers that may swing wildly in either direction.

For risk-averse investors, the simple road to a million is highly recommended. Annual contributions and a systematic investing approach are all that is required for the magic of long-term, tax-free

compounding to do its work.

Why is ZLB a better investment than garden-variety index funds?

ZLB is well equipped to deal with excessive amounts of volatility. The ETF holds a diversified blend of utilities, REITs, telecoms, and other low-beta names that tend to hold their own in times of economic turmoil.

Over the next few decades, we're bound to run into a few recessions, and if you witness your holdings fall 50% in value, you'll probably be enticed to time the market and ditch your systematic approach to investing.

ZLB substantially limits the magnitude of damage you'll take in such an environment, so you can focus on your long-term goals without losing your cool in the near to medium term. Given most Canadians have never experienced what it's like to be fully invested in the midst of a recession, ZLB is a great way to score decent returns without potentially overestimating your ability to keep calm in the face of a crisis.

Stay hungry. Stay Foolish.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

## **PARTNER-FEEDS**

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

## **Category**

1. Investing

## **Date**

2025/08/26

## **Date Created**

2019/11/10

## **Author**

joefrenette

default watermark