



The Easiest Way to Turn Your \$10,000 TFSA Into \$50,000

Description

TFSA's are one of the greatest tools in Canadian history for getting rich. You can contribute more than \$60,000 to a newly opened TFSA, and the money can grow tax-free for as long as it remains in the account. Did I mention withdrawals are tax-free too? It's basically [free money](#).

If you have a TFSA, congratulations. The question now becomes, how do you become a millionaire?

It begins in steps. After all, a few thousand dollars rarely becomes millions overnight. Instead, you'll need to think in chunks. For example, if you have \$10,000 in your TFSA, you shouldn't focus on some far-off goal that will take decades to achieve. Rather, turn your focus to goals that are reachable in a matter of years.

Long-term investing is key, but focusing on short-term savings goals can make saving more enjoyable and increase your odds of reaching your targets. After a target is met, set another, more aggressive goal.

If you have \$10,000 in your TFSA, your next goal should be to grow that amount to \$50,000. Sounds a lot easier than getting to \$1 million, right? That's exactly the point.

So, how do you turn \$10,000 into \$50,000? Just use a simple method called the time value of money.

Time is critical

You've heard of the saying "time is money," yeah? That's good advice, but it's true in more ways than one. There's a concept in finance called the time value of money, and it shows how time *literally is* money. Here's an example.

If you have \$10,000 invested in the market, earning 8% per year, it'll grow to \$21,600 after 10 years. If you keep all the assumptions exactly the same but double the time to 20 years, that same \$10,000 will grow to \$46,600. All we did was change the time, and your nest egg more than doubled.

This isn't the most complex thing to understand, but it's critical. Time *is* money. Nearly every investor focuses on saving more money and picking the right stocks, when in reality, they should be focused on maximizing their time.

How do you do that? Start investing today! The earlier you invest, the longer those dollars have to compound in value. Investing a few hundred dollars today could be equivalent to investing thousands of dollars in the future.

Here's how it works

If you have \$10,000 in your TFSA, how do you turn that into \$50,000? All you need is time. If you earn an 8% annual return, it'll take 21 years for that sum to reach \$50,000 in value. Simple utility stocks like **Canadian Utilities** ([TSX:CU](#)), **Hydro One** ([TSX:H](#)), and **Emera** ([TSX:EMA](#)) are all you need to execute this scenario.

But what if you want to go faster? You have two options: add additional funds or increase your rate of return.

Adding additional funds is the easiest route. If you add just \$100 per month, you cut the necessary time *in half*. In that scenario, your \$10,000 will reach \$50,000 in just 12 years. If you're able to stash away \$500 per month, you'll need fewer than five years to reach \$50,000. The math is simple, but the saving is up to you.

Increasing your rate of return is also an option, but finding stocks that can consistently generate wealth and beat the market can be difficult. Just remember: time and continual saving are the two options that are in your complete control. Don't let the opportunity pass.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:EMA (Emera Incorporated)
3. TSX:H (Hydro One Limited)

PARTNER-FEEDS

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