



How to Grow Your TFSA to \$500,000 in 15 Years

Description

If you're a young investor like a millennial, you *can* and *should* take on more risks to grow your TFSA at an [optimal rate](#). So, go for growth and stop investing like you're twice your age! Otherwise, a \$500,000 TFSA, which is an inevitability for many of today's young Canadian investors, will forever be a pipe dream.

Young investors should aim for half a million!

Although it may seem "safer" to be overweight bonds and cash, you'll be taking on a considerable amount of upside risk, which is arguably worse than downside risk for a young person who has all the time in the world to make back potential losses and wait for stocks to recover ground in the event of a crash.

Many young investors I've talked with are saving, but they're [reluctant to start investing](#) and plan to "wait until after a market crash" before getting in.

Although such a strategy of buying *after* a crash sounds fool-proof (that's a lower-case *f*) and easy to do on paper, it's almost impossible to put into practice in real time, especially as a beginner with limited knowledge about how the markets work.

While the bull market may be getting older, I still believe that investors ought to begin their journey to a \$500,000 TFSA as soon as they're able, rather than waiting around for a black swan event, which may never happen for five, 10, or even 20 years!

The opportunity cost of sitting on the sidelines are unfathomably high, so do aim high when it comes to your TFSA and have a realistic timeframe, such as 15 or 20 years, so you're not tempted to speculate on Bitcoin, Tulips, or whatever the next mania of the 2020s will be.

Take leaps of faith on "sexy" businesses

Consider stocks that defy the laws of gravity like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), which, while frothy, will likely do far better over the course of many years. The stock is absurdly overvalued at the time of writing at 30.2 times sales, and although one risks paying up for three or more years' worth of growth upfront, the risk/reward trade-off is still quite favourable for those willing to hold the name for the next 15 years, recessions included.

After an unbelievable 2019, the bar set before the name has been raised to the sky for 2020. Given Tobias Lütke and company have a product that's destined for sustained profitability (with margin-expanding catalysts such as add-on services), I think it'll be hard to keep Shopify down, and the stock will probably remain jaw-droppingly pricy until a recession actually hits.

For now, Shopify remains one of Canada's sexiest growth stocks. And given the long-term multi-bagger potential, I think investors who desire to bring their TFSA's to half a million ought to consider getting skin in the game today, while the stock looks to break out, and on any potential dips moving forward to lower one's basis.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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