



Retirement Hack: This TFSA Trick Could Make You Millions

Description

If you have a TFSA, great work. Investing with a TFSA is the single greatest thing you can do to boost your financial well-being. If you don't have a TFSA, get one *today*.

Once you're armed with a TFSA, you can virtually ensure yourself a comfortable retirement by implementing a proven and effective investing hack. This trick is stupidly simple, but only a few percent of Canadians use it on a consistent basis.

Many investors think that the road to richest is by outperforming the market. Not true! Your [biggest weapon](#) is actually *time*. That's because time allows you to harness the magic of compound interest, a phenomenon Einstein called the most powerful force on earth.

The following hack allows you to take immediate advantage of this powerful force.

Choosing a sandwich

It's good to be human isn't it? Well, not always. Human beings have plenty of advantages going for them, but they're also plagued by predetermined biases and psychological barriers. Let's look at a popular example: default options.

A default option is a choice you make by not making a choice at all.

For example, if I gave a group of people a *ham* sandwich, then allowed them to switch to a *turkey* sandwich, the majority will likely stick with their current "choice" given it's the easier thing to do. It requires no effort to stick with what you've got.

We can run the experiment in reverse, too. If I gave everyone a *turkey* sandwich at the start, then offered them the choice to switch to a *ham* sandwich, the majority will likely stick with turkey. When faced with a choice that requires effort, the majority of people will opt to stay put, expending zero energy.

This is all good fun, but what do sandwiches have to do with investing? Plenty.

Change your default

Your portfolio has default choices too. Every time you want to invest more money, for example, you need to summon the energy and willpower to follow through. Think of how many times you've contributed extra cash to your TFSA over the last 12 months. It's probably not nearly as much as you would have hoped.

That's a shame because it's *time* that leads to incredible investment results, not year-to-year results. Having your money invested as early and often as possible is critical, yet investors often wait weeks, months, or even years to put more capital to work.

How do you invest more each month? It's simple: change your default option.

Nearly all TFSA accounts allow you to make automatic contributions. That is, you can have a set amount of money deposited each month.

The TFSA contribution limit for 2020 is \$6,000. That breaks down to \$500 per month. If you set up recurring deposits of \$500 per month, you'll hit the maximum by the end of the year *automatically*. You don't have to lift a finger to do it.

Changing your default option can make a huge difference in your investing success. It allows your money to be invested years longer than relying on manual contributions.

Don't rely on yourself to make deposits into your TFSA. Choose automatic investments and put your portfolio on auto-pilot.

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