



How to Get Your TFSA to \$1,000,000

Description

If you have a Tax-Free Savings Account (TFSA), then you'll likely know that in 2020 your contribution limits have gone up. TFSA limits have increased by another \$6,000; for eligible account holders, that means that the cumulative limit, if you've never invested in a TFSA and have been eligible every year it's been available, you can now contribute \$69,500 into the account.

That's a significant amount of cash that can grow significantly over the years. It could even be enough to get your TFSA to \$1,000,000.

Dividends and capital appreciation can combine for above-average returns

Accumulating \$1,000,000 in your TFSA is no small feat, and you're going to need to invest in a solid stock that can earn some strong returns over the years.

Picking a winner for that many years can be difficult, but one way that you can increase the odds that you'll get a good return is by investing in a stock that also has a strong dividend.

Emera Inc ([TSX:EMA](#)) is a great option for investors to buy and hold for years, possibly even decades. Not only is it a solid, profitable company that has been growing in both revenue and profit over the past few years, but it's in the utility business, which can be very stable.

The company's customers are in Canada, the U.S., and even Barbados. With many countries in which it can expand, there's still lots of growth potential for Emera to continue to get even bigger.

Over the past five years, its stock has risen by more than 35%, soundly beating the **TSX** and its near 20% returns over the same period. Once you add in its dividend that's currently yielding 4.4%, the stock becomes an even better buy.

Past returns don't predict the future, but that doesn't mean we'd expect to see Emera's performance drop significantly over the coming years.

The stock has averaged a return of about 6.5% over the past few years, which isn't a particularly high amount and it wouldn't be unreasonable for investors to expect that to continue.

Its dividend has also increased by an average of 9.6% over the past five years, and if we take that into account as well, here's what a \$69,500 investment in Emera might look like over the next few decades:

Year	Portfolio	Quarterly Dividend	Annual Dividend	Cumulative Dividend
1	\$74,010.08	\$0.61	\$3,066.36	\$3,066.36
2	\$78,812.83	\$0.67	\$3,360.39	\$6,426.75
3	\$83,927.25	\$0.74	\$3,682.62	\$10,109.37
4	\$89,373.56	\$0.81	\$4,035.75	\$14,145.12
5	\$95,173.30	\$0.88	\$4,422.73	\$18,567.85
6	\$101,349.40	\$0.97	\$4,846.83	\$23,414.68
7	\$107,926.29	\$1.06	\$5,311.59	\$28,726.27
8	\$114,929.98	\$1.16	\$5,820.92	\$34,547.19
9	\$122,388.15	\$1.27	\$6,379.08	\$40,926.27
10	\$130,330.32	\$1.40	\$6,990.77	\$47,917.04
11	\$138,787.87	\$1.53	\$7,661.12	\$55,578.16
12	\$147,794.26	\$1.68	\$8,395.74	\$63,973.89
13	\$157,385.11	\$1.84	\$9,200.80	\$73,174.70
14	\$167,598.34	\$2.01	\$10,083.07	\$83,257.76
15	\$178,474.34	\$2.21	\$11,049.93	\$94,307.69
16	\$190,056.11	\$2.42	\$12,109.50	\$106,417.20
17	\$202,389.47	\$2.65	\$13,270.68	\$119,687.88
18	\$215,523.17	\$2.90	\$14,543.21	\$134,231.08
19	\$229,509.17	\$3.18	\$15,937.75	\$150,168.83
20	\$244,402.76	\$3.49	\$17,466.02	\$167,634.85
21	\$260,262.84	\$3.82	\$19,140.83	\$186,775.68
22	\$277,152.13	\$4.19	\$20,976.24	\$207,751.92
23	\$295,137.43	\$4.59	\$22,987.65	\$230,739.57
24	\$314,289.85	\$5.03	\$25,191.93	\$255,931.50
25	\$334,685.13	\$5.51	\$27,607.58	\$283,539.07
26	\$356,403.93	\$6.04	\$30,254.86	\$313,793.93
27	\$379,532.13	\$6.62	\$33,155.99	\$346,949.92
28	\$404,161.20	\$7.26	\$36,335.31	\$383,285.23
29	\$430,388.52	\$7.95	\$39,819.50	\$423,104.73

30	\$458,317.82	\$8.72	\$43,637.78	\$466,742.51
31	\$488,059.54	\$9.55	\$47,822.20	\$514,564.71

Many other strategies available for investors

To wait 31 years is a long time, but the returns could be significant. However, they're also hypothetical and there are never guarantees payouts will continue or that Emera's stock will continue growing at this rate.

This is only an example and is a relatively conservative strategy. Investors can be [more aggressive](#) and invest in high-growth stocks to try and accelerate these returns, but that will also come with more risk.

Why Emera is a top pick

Emera, however, stands out because of the company's focus on sustainability and providing [clean energy](#). Given that consumers are becoming increasingly concerned about the environment, it's not hard to see why Emera's business may be around for a long, long time.

A key consideration investors should always factor into their decision making is not just how strong a company that they're investing in today is, but also how its future looks.

In Emera's case, its future may look better than its present, which is why it could be an excellent stock to hold for decades.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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