



TFSA Investor Wish List: 2 Ways to Make \$10,000

Description

TFSA investors are smarter than the rest. Despite the clear advantages, millions of Canadians neglect to invest in a Tax-Free Savings Account (TFSA). If you have one, you're already a step ahead.

The next step, of course, is to build wealth. How do you build wealth? With a TFSA, the best strategies are obvious.

Don't ignore this method

The best financial advice you can follow is usually the simplest. Every investor wants to buy into the [next big thing](#). Everyone wants to see their portfolio skyrocket in value. The most effective thing you can do today, however, is revisit your contribution schedule.

Most Canadians don't even have a contribution schedule. This is an *automatic* action that ensures you stay on financial track.

The TFSA contribution limit for 2020 is \$6,000. Unused contribution room rolls over year to year, so you'll never actually lose this year's contribution space, but it's a mistake to not take advantage immediately.

Compound interest makes your money grow faster and faster the longer the money is invested. Getting the capital in a year or two early can literally make you millions in additional earnings down the road.

How do you guarantee that you never miss a contribution? You make it *automatic*. Nearly every TFSA allows for this. Simply establish automatic deposits that move money from your savings account to your TFSA every month. Once established, you never have to lift another finger.

If you set the monthly amount at \$500, you'll max out your contribution room by the end of the year. You'll have more than \$10,000 in contributions *alone* in less than two years.

Even if you contribute less, the important thing is to get this process in motion. Countless investors skip

this step, opting instead to focus myopically on stock picking. Stock selection is also important, but getting as much money invested as possible should be the first priority.

Go for growth

Once you have automatic contributions established, it'll be time to pick your stocks. Many TFSA investors focus on dividend stocks. That's not a bad choice, especially because dividends are rendered tax free. But because TFSAs shield you from an *unlimited* amount of taxes, growth stocks should be part of the conversation.

Consider the cannabis industry. Over the next decade, global sales are expected to rise by at least 1,000%. If you want big gains, pot stocks are at the top of the list.

In 2018, cannabis companies went gangbusters, with most stocks rising by at least 400%. In 2019, the industry's first bear market hit, creating bargains aplenty. **Hexo Corp** ([TSX:HEXO](#))(NYSE:HEXO) is a perfect example.

With a market cap of just \$470 million, Hexo has been largely forgotten. That's a mistake. This month, it's expected to launch its first product.

The cannabis beverage, developed alongside **Molson Coors Canada Inc.**, is one of the first to market. Given that the global alcohol market is worth more than \$1 trillion, this is an opportunity that isn't priced into the stock.

Several cannabis stocks now offer attractive risk-return profiles. With automatic contributions, you can continue buying, especially if shares get even cheaper. Regular buying and a long-term view can magnify your gains even further.

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1. Cannabis Stocks
2. Investing

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TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:HEXO (HEXO Corp.)

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