TFSA Investors: How to Turn $20,000 Into $60,000 With ZERO CRA Taxes

Description

Many people choose to rely on company pensions, the Old Age Security Program, and the Canada Pension Plan to take care of their finances in the golden age of life. There are some who also open a RRSP and build a sound investment portfolio with it.

Then there are those who open a TSFA for capital gains and savings for their post-retirement phase of life. I think that's the smartest lot. All those boomers who use a TFSA instead of typical retirement plans can avoid paying any taxes to the CRA and succeed in protecting their savings.

Whether you are using a TFSA for post-retirement finances or other big goals, the **Royal Bank of Canada** (TSX:RY)(NYSE:RY) stock could be a great addition to your portfolio this year. If you are looking to put $20,000 in your TFSA, there might be no better option than investing in the Royal Bank of Canada stock.

$20,000 investment can soar up to $60,000

If you were a TFSA investor who invested $20,000 with the dividend reinvestment plan in the Royal Bank of Canada exactly 10 years ago, you would now have $59,860 in your account. Given the stable growth and good track record of the bank that hasn't failed investors for decades, there is good potential for future growth.

What makes RBC a haven for TFSA investors?

If you are looking to manage your savings in a setting that involves tax leniency and capital gain, then the combination of TFSA and the Royal Bank of Canada stock is a match made in heaven. The Royal Bank is one of those few dividend aristocrats that have paid their investors dividends for more than a century.

The safe and rather conservative practices of the bank keep its stock profile less vulnerable to the shocks of recession and other financial hiccups. Even during the 2007–08 depression, when financial institutions and stocks were collapsing like a house of cards, the bank only recorded a manageable drop of 19% in earnings.

The future also looks good for the bank. If we focus 2020, the Royal Bank of Canada may benefit from the eroding trade tension between the U.S. and China. The expected bullish real estate activity and rise in average house prices might also help the bank to consolidate its position.

The various financial and performance indicators also show that the Royal Bank of Canada stock is a gift that should keep on giving. The 11.4 forward and 12.1 trailing price-to-earnings ratios of the bank show that the stock price and respective earnings are in the right balance and following the expectations of investors.

Conclusion

The biggest takeaway from the above discussion is that Royal Bank of Canada stock is one of the most suitable choices for your TFSA. If luck favours you, you may be able to triple your investment without losing any capital gains to taxes in the next 10 years by putting the Royal Bank of Canada stock in your TFSA.

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Author
jhoang