



TFSA Investors: Here's How Your Tax-Free Balance Could Be \$1 Million

Description

Amassing \$1 million tax-free fortune isn't an absurd undertaking if you have a Tax-Free Savings Account (TFSA). Canadians who took advantage of the tax-free power of the TFSA since 2009 are probably sitting on \$1 million or more tax-free balances.

If you're young with plenty of years to save before retirement, let your TFSA to do the same masterful work for you. This vastly superior investment vehicle is [the key to building a million-dollar asset](#).

Go for a \$1 million TFSA

The TFSA is the [ultimate wealth-builder](#) because all income, gains, or interest you will earn plus the principal are entirely tax-free when you withdraw. If you can save and invest diligently, your nest egg can overflow over time.

The trick is to start contributing as early as you can, deposit the maximum contribution every year, and never make a withdrawal. Assume a 5.5% rate of return and the TFSA contribution amount is indexed at 2%. The potential value of your TFSA after 45 years is around \$1.7 million.

Millionaire-makers

Laurentian Bank ([TSX:LB](#)) and **SmartCentres** ([TSX:SRU.UN](#)) are two of the millionaire makers on the **TSX**. The average yield is 6.08%, which should give users the enthusiasm to maximize the TFSA.

The nearly \$2 billion market capitalization of Laurentian is only 1.2% of that of **Royal Bank of Canada**, the largest banking institution in the country. Despite its tiny size, however, LB is a top pick of dividend investors.

The seventh-largest bank in Canada is a dividend rock star because of its bewildering dividend growth streak of 11 years. The dividend yield sits at 6.11%. If sustained, your cash inflow should be robust over a long stretch.

Laurentian is in the middle of a seven-year plan to raise profits and achieve a return on equity (ROE) comparable to the big banks. The bank is moving away from traditional banking and transforming most of its branches into “financial clinics.”

The first quarter 2020 financial results should be out this month-end. But reviewing the performance over the last three years, the bank has been averaging close to \$195 million in net income.

If you're the largest developer and operator of unenclosed shopping centres, with more than 100 **Walmart**-anchored tenants, investors wouldn't think twice about investing. SmartCentres is among the top real estate investment trusts (REITs) in Canada due to the said attribute.

SmartCentres has built a platform of value-oriented unenclosed shopping centres and destination outlets. Aside from the come-on of Walmart, the shopping centres are close to progressive and fastest-growing communities across Canada. The 150 locations have high traffic and visibility.

The management team behind this \$5.33 billion REIT is accomplished in asset management, planning, and retail development as well as operation. SmartCentres is recently moving into building office and mixed-use buildings, condominiums, self-storage units, and facilities for the seniors.

SmartCentres should be able to maintain paying the 5.95% dividend from the recurring rental income it generates.

Financial backbone

Millionaire-makers like Laurentian Bank and SmartCentres could help you grow your TFSA balance to one million or more. If you want a future financial backbone, you should be investing as early as now.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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