TFSA Investors: How to Turn $10,000 Into $30,000 With ZERO CRA Taxes

Description

Retirement doesn't have to mean compromising on your lifestyle. Apart from deriving income from your Old Age Security (OAS) and Canada Pension Plan (CPP), you should supplement it with a sound investment portfolio in your TFSA account.

CRA taxes can eat away at a good chunk of your retirement savings. This is why a TFSA is essential if you are serious about saving for the long term. This shields your contributions from taxes as well as any income you derive from it, even when it is withdrawn.

If you are looking to super-charge your TFSA earnings, consider adding **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) stock to your portfolio this year.

Turn $10,000 into $30,000

The annual dividend yield of TD stands at 3.93%. This means that if you invest $10,000 right now in the stock and reinvested the earnings, in 30 years, you would potentially have $31,785.

Of course, this is without factoring in stock appreciation. In recent history, TD Bank's share price has seen a steady rise in value, jumping from $18.13 at the start of the millennium to $31.5 a decade later to $75.6 today.

If TD Bank is to continue performing as it has done so in the past, your invested $10,000 could triple in value in fewer than 10 years as a result of both appreciation and dividends.

What makes TD the top choice for TFSA investors?

There are a number of reasons why TD Bank should be a top choice for your TFSA investment portfolio. TB Bank is one of the largest, oldest, and most dependable banks in the country. It has managed a consistent dividend payout to its investors for an incredible 163 years.

Then there is also the matter of future outlook, which for TD looks stellar. The bank has been aggressively expanding its presence south of the border into the much more massive U.S. market.

Already, over 40% of the bank’s income generated from its operation in the United States. However, this is likely to increase much further, as it expands its presence and the growth of the U.S. economy sees a rise in demand for financial and credit services.

Back home, expected improvements in the Canadian housing market are also likely to be a key driver in the bank’s future growth.

The bank also rocks a solid balance sheet, seeing a yearly increase in revenue and income in the past decade. Reflecting this growth has been the bank’s decision to regularly hike its dividend rate over the same period. The bank is likely to announce another dividend hike this year, increasing the yield further to a projected 4.3%.

Summary

At a forward P/E of 10.34 at the time of this writing, TD Bank is temptingly undervalued. This, along with strong growth prospects and favourable present market trends, makes the bank’s stock a top pick right now to grow your TFSA earnings.

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