



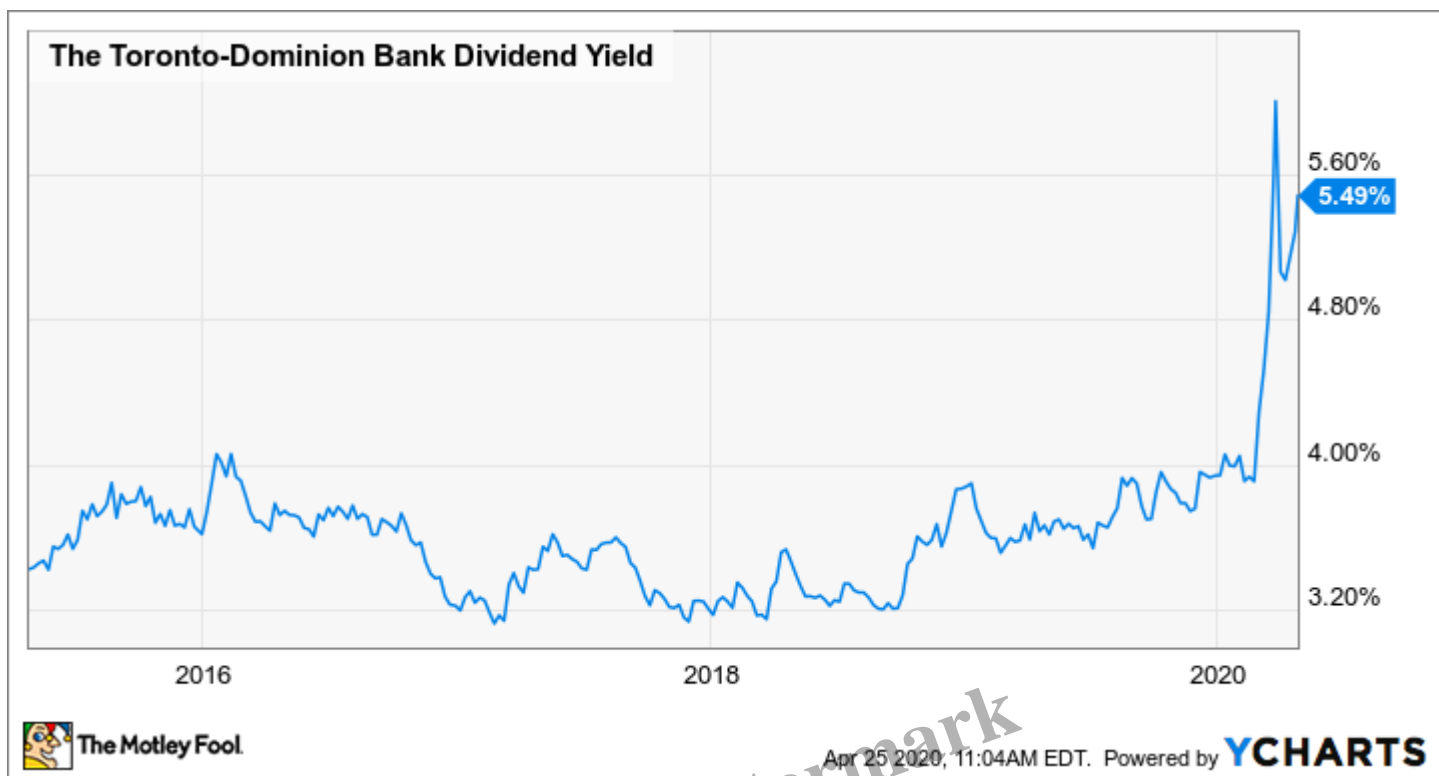
## TFSA Investors: How to Turn \$10,000 Into \$100,000

### Description

Many dividend stocks are down as a result of the coronavirus pandemic. For opportunistic Tax-Free Savings Account (TFSA) investors, now could be a great time to put some of them in your portfolio and earn a great return. With prices low and dividend yields high, investors who buy dividend stocks today could be setting themselves up for some terrific returns over the long term.

One stock that looks particularly appealing today is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). The stock plummeted more than 20% when the markets went over a cliff in March, and it's been trading around the \$50-\$60 range for the past few weeks.

That's a great price for TFSA investors to pick up the solid dividend stock at. Shares of TD haven't been this low in four years. One of the best benefits of buying it today is that dividend yield is up to around 5.8% per year — an unheard of yield for the stock. Here's where the dividend's been over the past five years:



[TD Dividend Yield](#) data by [YCharts](#)

In the past, you'd be lucky to buy it around 4%, let alone the near-6% that it's at today. And if you were to invest \$10,000 in the stock today, below, I'll show you how your total returns can grow to more than \$100,000 — possibly by the time you hit retirement.

## How your TD investment can grow over the years

Prior to 2020, shares of TD grew by more than 30% over the previous five years, averaging an annual return of about 5.6% per year. The company also recently increased its dividend by about 7%, which is actually lower than the dividend hikes it's made in the past.

But if we assume that TD were to continue increasing its dividend payments at that rate and the stock continues to appreciate by more than 5% per year, here's how your total returns might look for TD:

Year	Portfolio	Qtly Dividend	Annual Dividend	Cumulative Dividend
1	\$10,558.12	\$0.79	\$574.55	\$574.55
2	\$11,147.40	\$0.85	\$614.76	\$1,189.31
3	\$11,769.56	\$0.90	\$657.80	\$1,847.11
4	\$12,426.45	\$0.97	\$703.84	\$2,550.95
5	\$13,120.00	\$1.04	\$753.11	\$3,304.06
6	\$13,852.26	\$1.11	\$805.83	\$4,109.89
7	\$14,625.39	\$1.19	\$862.24	\$4,972.13

8	\$15,441.67	\$1.27	\$922.59	\$5,894.72
9	\$16,303.50	\$1.36	\$987.18	\$6,881.90
10	\$17,213.44	\$1.45	\$1,056.28	\$7,938.18
11	\$18,174.16	\$1.55	\$1,130.22	\$9,068.40
12	\$19,188.51	\$1.66	\$1,209.33	\$10,277.73
13	\$20,259.46	\$1.78	\$1,293.99	\$11,571.71
14	\$21,390.19	\$1.90	\$1,384.57	\$12,956.28
15	\$22,584.03	\$2.04	\$1,481.49	\$14,437.77
16	\$23,844.50	\$2.18	\$1,585.19	\$16,022.95
17	\$25,175.32	\$2.33	\$1,696.15	\$17,719.11
18	\$26,580.42	\$2.50	\$1,814.88	\$19,533.99
19	\$28,063.94	\$2.67	\$1,941.92	\$21,475.91
20	\$29,630.25	\$2.86	\$2,077.86	\$23,553.77
21	\$31,283.99	\$3.06	\$2,223.31	\$25,777.08
22	\$33,030.02	\$3.27	\$2,378.94	\$28,156.02
23	\$34,873.51	\$3.50	\$2,545.47	\$30,701.49
24	\$36,819.88	\$3.75	\$2,723.65	\$33,425.14
25	\$38,874.89	\$4.01	\$2,914.31	\$36,339.45
26	\$41,044.59	\$4.29	\$3,118.31	\$39,457.75
27	\$43,335.39	\$4.59	\$3,336.59	\$42,794.34
28	\$45,754.04	\$4.91	\$3,570.15	\$46,364.49
29	\$48,307.69	\$5.25	\$3,820.06	\$50,184.55
30	\$51,003.86	\$5.62	\$4,087.46	\$54,272.02

By the end of year 30, you'd be up to over \$100,000 from a combination of [dividend income](#) and the increase in your portfolio as a result of the stock's capital appreciation. While that's not a quick turnaround, it shows how just a \$10,000 investment right now can play a significant role in your retirement years from now.

However, it's important to remember that these are assumptions only. Given the uncertainty surrounding COVID-19, it's more difficult than ever to forecast how a company might do — and whether it will keep paying a dividend, let alone increase it.

But given the big drop in price that TD's seen this year, it would be surprising if it doesn't have a much bigger jump than just 5-6% in the coming year. If it were to return to over \$70 a share, investors could earn a return of more than 20% fairly quickly. That's why buying today could be a great idea.

Bank stocks [could slip further](#) this year, but waiting for more of a decline could result in missing the opportunity altogether.

TD is already a great deal today, and TFSA investors who need a solid dividend stock for their portfolios shouldn't neglect the opportunity that exists today.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

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