



## Millennial Investors: Yes, You Can Become a TFSA Millionaire. Here's How

### Description

Many younger investors have one long-term goal: they want to become a TFSA millionaire.

Having a cool million dollars inside a TFSA might not be enough for a prosperous retirement a few decades from now, but it'll certainly be a good start. Add in other sources of income — like Canada Pension Plan and Old Age Security benefits — and I'd argue most of the heavy lifting will be done. It should be enough for comfortable golden years.

If your spouse can do the same thing, then you're laughing. We're talking a combined income in the neighborhood of \$100,000 per year without having to touch the principal. It's all [tax free](#), too.

Becoming a TFSA millionaire might seem like an elusive goal, but it's not that hard. Especially if you're under 30. Let's take a closer look.

### Save aggressively

Here's how much you'll need to save and how much you'll need to earn on your investments to become a TFSA millionaire.

Let's assume you're 25 today and starting from scratch. You manage to save \$6,000 per year annually for 40 years. What rate of return will you need to become a TFSA millionaire?

It turns out the goal is very achievable. You'll need to earn a mere 5.9% annually to achieve the long-term dream of being a millionaire.

The goal is a little harder to accomplish if you don't have as much time on your side. If you put \$6,000 per year away in a TFSA starting when you're 30, it'll take a 7.3% annual return for you to crack the \$1 million mark by the time you hit 65.

If you start contributing to your TFSA at age 35 and consistently put \$6,000 per year to work, you'll need to earn a 9.2% annual return to retire a TFSA millionaire. That's still an obtainable goal, but it's

definitely more difficult.

Let's take a closer look at two stocks that can help you become a TFSA millionaire. One is a little more conservative for investors who have started their TFSA journey earlier. The other is a little riskier but should offer higher total returns for investors who are a little late getting started.

## The safe pick

There aren't many people who think **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is a sexy stock, but that's okay. Canada's largest telecom looks poised to deliver solid returns for the next few decades.

Telecom has always been a necessity, and it's doubly important in a COVID-19 world. Folks will make a lot of cuts before slashing their wireless or internet plans. And remember, BCE has a history of raising prices greater than inflation. Look for the company to do just that once this crisis is over.

Shares are also reasonably valued, with the stock trading at less than 17 times trailing earnings. The bottom line may dip a bit in 2020, but it should recover next year.

Finally, the stock pays a succulent 5.8% dividend yield today and has a history of slowly hiking the payout. The dividend alone should be enough to help you become a TFSA millionaire, assuming you start early enough. Any capital gains will be gravy.

## A riskier pick

If you've gotten a late start on your journey to [millionaire status](#), you'll need to take on a little extra risk. I'd buy growth stocks like **Richelieu Hardware** ([TSX:RCH](#)).

Richelieu is a Quebec-based company that imports, manufactures, and sells various specialty hardware products — boring stuff that is used in residential construction. The company is a relentless grower, as it adds both new products to its catalog as well as new locations to its army of retail stores. As it stands today, the company has 77 locations across North America, offering more than 110,000 different SKUs.

Most other retailers are worried about the slowdown in the economy, but not home improvement stores. Richelieu's business is booming right now, as people keep themselves busy with various projects.

Richelieu has delivered excellent long-term returns. Including reinvested dividends, shares are up 14.09% annually over the last decade. That's enough to turn a \$10,000 original investment into something worth \$37,392.

## The bottom line on becoming a TFSA millionaire

As long as you start early and invest consistently in solid companies, you'll get there. Becoming a TFSA millionaire is a very achievable goal.

So, what are you waiting for? It's time to get started today.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:RCH (Richelieu Hardware Ltd.)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

default watermark

## Category

1. Coronavirus
2. Dividend Stocks
3. Investing

## Tags

1. Editor's Choice

## Date

2025/07/21

## Date Created

2020/05/13

## Author

nelsonpsmith

default watermark