



## TFSA Investing: Turn \$69,500 Into \$1,000,000!

### Description

While reaching a million dollars through investing is quite the lofty goal, the power of TFSA investing makes it attainable. Over time, the tax savings add up and can make a massive difference.

Now, there is no magic formula to reaching a million dollars within a TFSA. However, there are certain strategies that this type of account lends itself well to.

TFSA investing is done best when it's long-term oriented and focused on stable, dividend-paying stocks. With a long enough horizon, these blue-chip stocks often have the best total returns.

Today, we'll take a look at one blue-chip stock that could turn a \$69,500 TFSA into a \$1,000,000 TFSA in 30 years.

### TFSA investing: Scotiabank

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is one of the major [Canadian banks](#). As such, it's long been a favourite among blue-chip stock investors.

It has a great track record for maintaining and growing its dividend while also providing growth in the share price. Its current yield of 6.58% should be attractive to those focused on TFSA investing.

Of course, like most other stocks, Scotiabank faces certain challenges in the current economic climate. However, its balance sheet and access to liquidity is more than solid enough to weather the storm ahead.

In general, it seems that the market agrees. Scotiabank recently reported earnings and is up 5.29% today as a result. Clearly, people like what they see going forward for Scotiabank.

Plus, if you're looking at long-term TFSA investing, what's going to happen in the next six or nine months is of little consequence anyway. If anything, further short-term drops just present opportunities to add to a long-term position for cheap.

## Compounding with TFSA investing

So, let's take a look at how Scotiabank can turn \$69,500 into \$1,000,000. First, we're going to assume we have an investment window of 30 years.

Then we assume that Scotiabank's share price grows by 4% annually while its [dividend yield](#) grows by 3% annually. These figures are slightly on the conservative side and are not unlike what Scotiabank has displayed in its past.

Finally, with the current share price of \$54.71 and assuming dividends are re-invested, the math shows that \$69,500 will become roughly \$1,050,000 over 30 years.

To fully grasp the power of TFSA investing, let's take the same example but assume a tax rate of a conservative 20%. In this case, the investor is left with about \$780,000 after 30 years.

So, the difference between the TFSA and a taxable account in this case is hundreds of thousands of dollars. Plus, the taxable account never does make it to the million-dollar mark.

Scotiabank is one example of a blue-chip stock that can generate amazing returns within a TFSA, and investors should keep an eye on it for the long term.

## The bottom line

Of course, this calculation is not completely precise. Some years of stagnation or losses will eat away at the final total.

However, this calculation illustrates that the million-dollar goal is actually within reach, and the advantages of the TFSA over a taxable account cannot be overstated.

For those focused on TFSA investing, looking for high-quality blue-chip stocks like Scotiabank to anchor a portfolio can achieve massive returns over time.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

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