TFSA Investors: How to Turn $69,500 Into $1,000,000 by 2030

Description

The Tax-free Savings Account (TFSA) is one of the most flexible investment accounts for Canadians. The contributions towards your TFSA are not tax-deductible. However, any withdrawals are tax-free, which makes it an ideal vehicle for growth stocks.

The TFSA was introduced back in 2009 and if you were eligible to contribute to the account, your total contribution limit stands at $69,500. Due to tax-free withdrawals, investors can leverage TFSA benefits by generating exponential wealth over the long term.

For example, shares of **Apple**, **Amazon,** and **Netflix** have returned 836%, 2,002%, and 2,560%, respectively in the last 10 years, which means a total investment of $69,500 distributed equally in these three stocks would have returned over $1.2 million today.

Here we take a look at several other growth stocks that you can consider for your TFSA portfolio.

Canadian growth stocks for your TFSA

The market pullback in 2020 provides an opportunity to buy growth stocks at a cheaper valuation. Several retail companies such as **Canada Goose** and **Gildan Activewear** are trading over 50% below record highs.

Once lockdown restrictions are eased and normalcy returns, consumer retail spending is bound to increase, which boost to the stock prices of retail companies in the second half of 2020.

The tech industry has been largely unaffected by the dreaded coronavirus. Companies such as **Shopify** and **Kinaxis** have crushed market returns. For example, Shopify stock is up 79% in 2020 and this figure for Kinaxis stands at 59%.

Both these Canadian tech companies remain a solid bet for long-term investors given their expected growth and expanding addressable markets.

Canadian tech stocks on the TSX such as **Lightspeed** have huge exposure to the hospitality and retail space. Despite the recent upward spiral, Lightspeed stock is trading 33% below its record highs. This is another company with the potential to increase investor wealth multi-fold in the upcoming decade due to high growth metrics.

Warren Buffett growth stocks

Canadians who don't have the time or expertise to pick individual stocks can try to replicate investment strategies of stalwarts like Warren Buffett. The Oracle of Omaha has successfully beaten broader market returns in the past few decades. Warren Buffett owned **Berkshire Hathaway** has a solid portfolio of quality companies.

Berkshire has invested in tech giants including Apple and Amazon. Further, it has exposure to payment companies such as **Visa**, **Mastercard**, and **StoneCo.** Similar to Lightspeed, these digital payment companies also have strong growth metrics and should outperform broader markets in the upcoming decade.

Diversify your portfolio with U.S.-based stocks

While there are several Canadian growth stocks for TFSA investors, you can also look to buy quality companies south of the border. Investing in U.S.-based companies can help diversify your investments and reduce the risk metrics considerably.

Companies such as **Splunk**, **Okta**, **The Trade Desk**, **Roku** and several others have crushed market returns in the past and may continue to do so in the foreseeable future.

The Foolish takeaway

Growth stocks have a high beta and trade at a premium. This means such companies are volatile in a sell-off and underperform in a market sell-off.

But they can help investors accelerate their retirement plans and grow wealth over time.

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Date
2025/09/28
Date Created
2020/06/10
Author
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