



TFSA Investors: 1 Top TSX Stock That Will Help You Retire Rich

Description

It's been an extremely volatile year for stock markets across the globe, and the Canadian market is no exception. The **S&P/TSX Composite Index** is down about 10% year to date, but at times has looked much worse than that.

At one point this year the Canadian market was down by almost 35%. Since that March 23 low, the Canadian market has been on a very impressive rally, surging back up 35% in just three months.

No one can know for sure how the stock market will end this year. One thing that investors can likely agree on is the degree to which the economy has been disrupted by the COVID-19 virus. It may take years to fully recover to a point where this year had begun.

Short-term bearish, long-term bullish

If you're a short-term investor, you may be bearish on the next 12-18 months for the Canadian market. Volatility will likely continue in the short-term, which will make predicting stock prices in the next year and a half that much more difficult. But for long-term investors, the next 12-18 months is an excellent opportunity to be investing in the stock market.

Long-term investors do not need to stress over the daily volatility. Their focus is on a timeline that is ideally at least five years. While the economy begins its road to recovery, investors who are putting money to work in the stock market today will be rewarded once we inevitably enter another bull run.

Investing in a TFSA account

The Tax-Free Savings Account (TFSA) is a great choice for Canadian investors to purchase individual stocks. Not only are gains not taxed, but withdrawals can be made without incurring any sort of penalty.

The TFSA was introduced in Canada in 2009 to encourage more Canadians to save money for both short- and long-term goals. The contribution limit for 2020 is \$6,000, but the yearly limit has changed several times since 2009. For all Canadians aged 18 or older since 2009, the total contribution limit for a TFSA is \$69,500.

The beauty of a TFSA account is that any net gains made on investments are not included in the contribution limit. Because of this, the TFSA can not only act as a short-term investment account but a long-term one as well.

I've reviewed a top Canadian **TSX** bank stock and explained why it would be an excellent long-term stock for any Canadian investor's TFSA account.

Toronto-Dominion Bank

Canada's second-largest bank, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), is valued at a market cap of \$115 billion. It sits behind only **Royal Bank of Canada** in total market cap value among Canadian banks.

TD operates more than 2,000 retail locations spread across North America. Roughly 30% of net income from the bank is driven by U.S. locations.

Due to the high percentage of income being driven from south of the border, an investment in TD can provide shareholders with [exposure to the U.S. economy](#) in their Canadian portfolio.

The U.S. operations are also a significant growth driver for the future of the bank. TD has been extremely aggressive expanding on the U.S. east coast by acquiring smaller sized regional banks. The recent acquisitions have landed TD in the top-ten largest banks in the U.S. based on total asset size.

What's even more impressive for the bank is that the majority of growth in the U.S. to date has been on the east coast. There are still plenty of opportunities to grow on the west coast and capture even more market share in the U.S. banking market.

High-yield dividend

[This Dividend Aristocrat](#) is not only is a reliable dividend payer, but also a high-yielding one at today's stock price.

Paying an annual dividend of \$3.16, the yield at today's stock price is an impressive 5%. A \$10,000 investment made in TD stock today would earn shareholders a quarterly dividend payment equal to \$125.

Foolish bottom line

While short-term investors might not be excited for the next 12-18 months, long-term investors have an excellent opportunity today to begin building towards a rich retirement.

TD can provide investors with stability, growth, and income. Investors looking to kick-start their retirement savings in a TFSA account need to look no further.

TD Bank is the ideal investment.

CATEGORY

1. Bank Stocks
2. Investing

POST TAG

1. bank stock
2. TD Bank
3. TD Bank Stock

TICKERS GLOBAL

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

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Investing

Tags

1. bank stock
2. TD Bank
3. TD Bank Stock

Date

2025/06/29

Date Created

2020/06/16

Author

ndobroruka

default watermark